

Meeting Minutes Summary

February 2025

Chairman of the Board, Joseph H. Spalding, called the meeting to order.

After roll call, it was noted that the following directors were present either in person or via video/phone conference, to-wit:

Joseph H. Spalding

J. Kevin Preston

Lou Kerrick

Allen Goggin

Jason E. Todd Also present and participating were President and CEO Jerry Carter and Attorney J. Hadden Dean representing the Cooperative.

I. PRAYER

Mr. Todd opened the meeting with prayer.

II. SAFETY MOMENT

Mr. Kerrick discussed the perils of natural gas and the risks that are posed by it. The initial indicator is the smell.

III. ADOPTION OF AGENDA

Chairman Spalding presented the agenda for review. Mr. Preston made a motion to approve the agenda. Mr. Goggin made a second to the motion and the motion passed unanimously.

IV. ACTION ON JANUARY 31ST BOARD MEETING MINUTES

Mr. Kerrick made a motion to approve the minutes as drafted. Mr. Goggin made a second to the motion and the motion passed unanimously.

V. ACTION ON JANUARY 31ST SUMMARY BOARD MINUTES

Mr. Todd made a motion to approve the minutes as drafted. Mr. Preston made a second to the motion and the motion passed unanimously.

VI. ACTION ON SPECIAL CALLED MEETING MINUTES - FEBRUARY 20, 2025

Mr. Kerrick made a motion to approve the minutes as drafted. Mr. Todd made a second to the motion and the motion passed unanimously.

VII. ACTION ON SPECIAL CALLED MEETING MINUTES- FEBRUARY 26, 2025

Mr. Todd made a motion to approve the minutes as drafted. Mr. Preston made a second to the motion and the motion passed unanimously.

VIII. DEPARTMENT REPORTS

Departments

The minutes will reflect each of the respective department heads have in the past and will continue to provide summaries of monthly activities, budgets, and other commentary, all to be included in a packet distributed to each of the Directors prior to the meeting. Each of the respective departments presented a summary of their activities included in the board packet of each Director of the Cooperative.

A. Finance and Administration – Ms. Kurtz advised that January resulted in the highest power bill in the history of the Cooperative. January had positive margins of \$621,379 and OTIER was 4.40 and TIER was 4.41.

Total services in place increased by 1.40%. New services totaled 55 which was 83.33% more than the prior year. The kWh purchased increased by 33% from the prior month.

A review of the FFB borrowing rates for approximate quarterly interest rates between December and February of 2025 were reviewed. The difference between the terms was all lower except for the 6-month term.

The working capital and forecast status report was displayed and the finance report ended with review of the Form 7 report and interest income report.

B. Office Services – Ms. Kurtz advised that 22 accounts were overdue and older than October 1, 2024, and the total for those overdue accounts was \$7,527.76. Mr. Goggin made a motion that these accounts be assigned to bad debt and sent to collections pursuant to the PSC regulations. Mr. Todd made a second to the motion and the motion passed unanimously.

Year to date overdue accounts totaled 48 with approximately \$13,242.99 owed. There are 613 prepaid accounts as of February 2025. Online Utility Exchange revealed there was \$949.36 collected with \$237.33 in collection commissions.

C. Operations – Mr. Phelps discussed the plant account work, and 311 new work orders were started in January. New construction costs were just over \$3,079,564. There were 79 poles installed and nearly 24,472' of conductor added to the plant.

He then updated the staking and field inventory activity for the month. He confirmed the bi-annual line inspection was underway with Danville at 14% and Lebanon is 21% of completion.

The joint-use project was discussed, and it is expected that a large number of requests may be relayed in the near future. Charter has been billed \$5,442,000 for joint use make ready and has paid \$4,412,000. To date there have been 861 Work Orders created and 690 of those are

completed. There are approximately 165 poles requested to be change out for the required clearances.

The construction crew report included a discussion regarding reconductor work and pole replacements in Danville. All Cooperative employees were working on new service work orders.

Right of Way clearing for 2025 has begun with Kendall. January costs for work orders, maintenance and storm damage were just under \$20,000.00.

Approximately 19,500 meters have been installed on the AMI project. Annual Reliability Report and Standard Costs of Line are ready to be sent to the Public Service Commission.

D. Member Services – Mr. Hitchcock discussed the Key Account Monthly Summary comparison for 2025. Diageo led the group of the Top 5 by consuming 65% and it was followed by Makers Mark at 12%. The total revenue from the Key Accounts was just over \$1,290,000.

A discussion about the high bill complaints was had and so far, there have been approximately 40 high bill complaints.

A publication from the state displayed 48 sites which currently exist for EV charging. That included a QR code which will pull up all charging stations in Kentucky.

A display of the temperatures over the last month reflected that many days did not get above freezing, and Mr. Hitchcock used this information to help members understand their high bills. This data compared to each member's usage was very helpful to educate the members why their bills were high.

E. Executive – Mr. Carter discussed the construction plan spread sheet. He noted expenses for capital projects were covered by current cash flow. The outstanding balance of the work plan was also discussed. Mr. Carter then displayed images of employee work anniversaries noting three people were celebrating work service anniversaries with a total of 35 years of service.

1. Corporate Services - Mr. McGuffey discussed a minor accident where a Cooperative vehicle was hit by another driver. Minor damage was sustained. He also discussed the resolution of a problem with upstairs plumbing issues. Mr. Carter discussed the need for a fully stocked mechanic minus hand tools truck from Altec that is a used 2017 model. The cost would be approximately \$100,000 versus a new one that would run \$200,000 to \$300,000. Mr. Preston moved that \$110,000 be allowed as an unbudgeted expense for the purchase of the truck. Mr. Goggin made a second to the motion and the motion passed unanimously.

2. Information Technology and Cyber Security Report - Mr. Bach noted there were no clicks this past month. He reiterated diligence is needed in review of emails and or text messages from any source.

3. AMI Opt-Out Rider - Mr. Carter discussed the option to have an 'opt out' rider for those members who do not want an AMI meter on their homes. There will be a one-time fee to move and then a \$40 per month cost to manually come and read the meter. This rider will be presented to the PSC for review and approval. He noted that Owen Cooperative has 3 members that chose this option. Mr. Todd made a motion to approve the rider to be sent to the PSC as drafted. Mr. Goggin made a second to the motion and after discussion, the motion passed unanimously.

IX. LEGAL/REGULATORY/POLICY

A. Policy 215- Holidays - The proposed changes were made.

B. Policy 309 - Procurement Conflict of Interest (Review) Board reviewed and approved the policy as reviewed with no changes.

C. Policy 101 Employee - at-will - (Review)

D. Policy 203 Supplemental Compensation for Salaried Employees - (Review)

E. Policy 313 Board Elections - (Review)

F. Policy 321 Code of Ethics - (Review)

G. Policy 325 Cybersecurity Incident Response Plan (action on proposed revisions)

Mr. Kerrick made a motion to confirm the policies above were reviewed and those with changes likewise were considered and the changes accepted. Mr. Todd made a second to the motion and the motion passed unanimously.

X. BOARD /CEO SESSION

A. Annual Calendar Review

Mr. Carter reviewed the annual calendar and advised that the Board Policies will be added for review throughout the year and especially in months where there is not as much business anticipated to be conducted in those particular months.

B. Dashboard Review

Mr. Carter reviewed the dashboard and went over the metrics outlined therein, including safety, financial, operational and customer indicators. He noted TIER and OTIER were in the 'green' category. The equity metrics all fell within the target 'green area' of the chart. He advised the Cooperative was in a better position than most cooperatives across the state.

C. Board Policy Review

1. Policy 413- Financial Management
2. Policy 413A- Equity Management
3. Policy 420- Member Requests for Cooperative Information
4. Policy 421- Attendance at Meetings or Appearance by Members or Others Before the Board of Directors.
5. Policy 422 Qualifications for Eligibility to Serve on the Board of Directors

Mr. Preston made motion to approve the review of Policy 413, 413A, 420 and 421 as reviewed, without changes from staff or the Board. Mr. Goggin made a second to the motion and the motion passed unanimously. With regard to Policy 422, the Board reserved the review of this and will have the Governance Committee review the policy and come back with recommendations.

D. Governance

1. Revise Bylaws Pertaining to Per Diem

Mr. Carter presented the proposed change to the bylaws as it relates to the per diem paid to the board members. Mr. Todd made a motion to approve the bylaw change as presented. Mr. Preston made a second to the motion. After discussion, the motion passed unanimously.

XI. COMMITTEE REPORTS

None.

XII. EKPC

Chairman Spalding gave an update discussing the performance of the generation fleet in the extraordinary cold weather. The system topped out at 3,744 megawatts. This would have been an all-time peak but for a large steel manufacturer that had an unplanned outage.

Ending margin for 2024 was \$6.4M which was \$22M below budget.

XIII. KEC/UUS

Mr. Todd advised of the last meeting. Some issues came up about existing private dams that need to be repaired. Some of them are privately owned dams. UUS gave an update on leases in Virginia and possibly acquiring property there due to long-term demand. Mr. Todd advised that Fred Noe was chosen as the Distinguished Rural Kentuckian. He served as a master distiller for a Kentucky distillery.

XV. NRECA

A. Board Governance Video

Due to time constraints there was no video shown at this meeting.

B. 2025 PowerXchange – March 10-12, 2025 to be held in Atlanta, Georgia.

Chairman Spalding and Mr. Todd are set to attend.

C. Legislative Conference- April 27-30, 2025 (Washington, D.C.)

1. Preliminary schedule provided by KEC.

2. Mr. Goggin made a motion to approve the travel expenses of Mr.

Preston and any other director who may wish to attend. Mr. Kerrick made a second to the motion and the motion passed unanimously.

XVI. FEDERATED RURAL ELECTRIC INSURANCE / BOARD LEGAL UPDATE

No report.

XVII. RUS-CFC-COBANK NEWS/UPDATES

No report.

XVIII. CAPITAL CREDIT DISBURSEMENTS

For January 2025 there was \$5,822.27 in estate retirements. Mr. Todd made a motion to approve the retirements as stated. Mr. Goggin made a second to the motion. After discussion, the motion passed unanimously.

XIX. WORK ORDERS FOR JANUARY 2025

A. Work Order #202501- \$593,971.17.

Mr. Todd made a motion to approve the work order as stated. Mr. Kerrick made a second to the motion. The motion passed unanimously.

XX. APPROVE NEW MEMBERS FOR JANUARY 2025

A. 105 New Members

B. \$5,250 in membership fees were paid.

Mr. Kerrick made a motion to approve the new members, and the amount of fees stated, which was seconded by Mr. Goggin. The motion passed unanimously.

XXI. VOTE FOR APPOINTMENT OF CANDIDATE FOR UNEXPIRED TERM OF CASEY/TAYLOR DISTRICT

Mr. Preston nominated John Henry Wayne Russell to serve the unexpired term for the Casey/Taylor District contingent on the background check. Mr. Kerrick made a second to the motion. After the Board had discussion, the motion passed unanimously.

XXII. MISCELLANEOUS

Chairman Spalding requested the Board submit their expense sheets by providing those to Farrah Coleman. The next Board Meeting was scheduled for March 28, 2025 – after discussion that the grand opening of the Community Center in Marion County is scheduled for the same day, the Board Meeting was changed to Wednesday, March 26th, 2025 at 8:30 am. Mr. Goggin made the motion to change the meeting due to the opening of the Community Center in Marion County. Mr. Preston made a second to the motion and the motion passed unanimously.

Chairman Spalding suggested anyone wishing to have an item placed on the agenda for upcoming board meetings do so by providing the same to Ms. Coleman.

XXIII. OTHER BUSINESS

None.

XXIV. ADJOURN

A motion to adjourn was made by Mr. Kerrick. A second was made by Mr. Goggin and the motion passed unanimously. The meeting adjourned at 1:45 p.m.