

## Meeting Minutes Summary

January 2026

Chairman of the Board, Joseph H. Spalding, called the meeting to order. After roll call, it was noted the following directors were present, to-wit:

Joseph H. Spalding	J. Kevin Preston [virtual]
Louis A. Kerrick	Allen Goggin
Jason E. Todd	John Henry Wayne Russell

Also present and participating were President and CEO Jerry Carter and Attorney J. Hadden Dean as attorney for the Cooperative.

### I. PRAYER

Mr. Dean opened the meeting with prayer.

### II. SAFETY MOMENT

Mr. Kerrick discussed the importance of being up to date on estate and financial planning. This includes drafting a will, power of attorney and other related documents. He also mentioned a radio news matter where a house fire was started by someone using a blow torch to melt ice. The roof and gutter area became hot and ignited the fire. Care and insights to remove ice is critical and failure to consider the impact of using heat to remove ice can result in significant property loss, injuries, and death.

### III. ADOPTION OF AGENDA

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

### IV. ACTION ON DECEMBER 30, 2025, BOARD MEETING MINUTES

The Board reviewed the December 30, 2025, Board Meeting minutes. Mr. Preston made a motion to approve the minutes. Mr. Russell made a second to the motion and after discussion, the motion passed unanimously.

### V. ACTION ON DECEMBER 30, 2025, SUMMARY MINUTES

December 30, 2025, summary minutes were reviewed. Mr. Preston made a motion to approve the summary minutes. Mr. Russell made a second to the motion and the motion passed unanimously.

## VI. DEPARTMENT REPORTS

### Departments

The minutes will reflect that each of the respective department heads have had 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

December had negative operating margins of \$414,979 and the budget was for positive operating margins of \$1,062,852. The Cooperative had OTIER for December of (1.00) and TIER was 8.12. The year-to-date operating revenues exceeded \$72,677,000 and the budget was \$70,641,230. This was \$2,036,022 over budget. The year-to-date budget for net margins was \$1,086,063 and YTD net margins ended at \$4,382,845. Year-to-date OTIER is 1.84 and TIER is 2.86.

Form 7, Interest Income Report concluded and Working Capital Status Report and Forecast for 2025 ended the finance report.

#### B. Office Services

Ms. Kurtz advised 20 accounts were overdue and older than September 1, 2025. The total for those overdue accounts was \$5,967.30. Mr. Todd made a motion that these accounts be assigned to bad debt and sent to collections pursuant to PSC regulations. Mr. Goggin made a second to the motion and the motion passed unanimously.

Currently, there are 648 members with prepaid accounts. Year-to-date costs for Online Utility Exchange reflected that commissions paid were \$3,757.77 and the year-to-date collections totaled \$15,031.08.

#### 1. December 2025 Capital Credit Recap

The General Retirements approved resulted in 7,390 with the value mailed totaling just over \$671,948.00. As of the drafting of the board report, 4,289 checks cleared and the value cleared was \$450,035.

#### 2. EKPC 2025 Assignment of Capital Credits

A report detailing the EKPC G & T capital credit assignments to all cooperatives was discussed. EKPC distributed a schedule for capital credit allocations for each

of the distribution cooperatives. EKPC's total unaudited margin for 2025 was \$39,228,648.13. Inter-County's unaudited capital credit allocation was just over \$1,769,907. The total unaudited G&T capital credits for Inter-County is approximately \$34,125,000. The Cooperative ranks approximately 8<sup>th</sup> among the cooperatives throughout Kentucky on the gross total of unaudited G&T Capital Credits.

C. Operations

Mr. Phelps advised of the ongoing work at Pernod Ricard for circuit testing to energize and test before the boilers were filled. There was a bad capacitor in Pernod Ricard's switchgear and additional testing will resume in March. He also advised the new software is extremely helpful with outages and with FEMA issues. The software will allow the linemen to identify where the largest outage is and then address it more efficiently.

The plant account completed 236 work orders within December. New construction was just over \$1,474,663 and purchases were \$345,002. There were 183 poles installed and 8,283' of conductor added to the plant. There were 160 poles and 652' removed from the plant.

Engineering work for the month included working on new service. The bi-annual line inspections were 100% completed for Danville and Lebanon. Joint Use Work includes Charter being billed \$1,933,354 and the board report listed where those funds were paid. In December, there were 924 bud calls and 74 were for the Cooperative. There were 26 new service orders created in December.

Contract crews were working on pole replacements and company crews were working on new service orders.

The clearing of the right-of-way was nearly completed for the year with only approximately 20 miles left. Invoicing has been received but will not be paid until the work is completed. Total year-to-date costs were \$2,402,216 [not including Work Orders.] There was 425 miles of line cleared during the year.

1. 2025 Outage Numbers

Mr. Phelps presented a bar graph that listed SAIDI and how well the system performed during the ice storm and other outages. This data reinforces the return on the investment in line clearing, pole replacements, and the benefits to the membership for reduced outages.

D. Member Services

Mr. Hitchcock reviewed the community activities listed in his report. He also said he was on multiple radio stations, along with social media posts he communicated what the membership can do and expect as the winter storm approached.

The EV participation spreadsheet reflected the total of \$85.16 incentives for members using the program.

The Key Accounts chart was presented and year-to-date those accounts totaled \$15,856,347. Diageo still dominated the pie chart and accounted for 68% of the total costs of power for the group.

A listing of the Co-op Solar members and the number of panels each owned were presented. It is noteworthy to mention that the per panel credit for 2025 was \$3.04 compared to \$1.96 back in 2024.

1. Set the Date for the 2026 Annual Meeting

Mr. Goggin made a motion to set the annual meeting to be held on Friday, July 24, 2026, at the Cooperative's headquarters in Danville starting at 4:30 p.m. Mr. Russell made a second to the motion. The staff and Board discussed proposed date and time and thereafter, the motion passed unanimously. Ms. Coleman will present an outline of the deadlines for the election process from the bylaws based on that date.

E. Executive

Mr. Carter discussed the construction plan spreadsheet. Mr. Carter then displayed images of employee work anniversaries, noting the four people listed were celebrating work service anniversaries with a total of 67 years of service.

1. Corporate Services – Mr. Carter presented the report, as Mr. McGuffey was in leadership training at the time of today's meeting. He advised there was one incident and one near miss. The incident involved a cut which required stitches and the near miss was a 25-year-old replacement of an elbow. The elbow came apart, a big flash happened however, neither lineman was injured. The Recordable Incident, DART, and Severity Rates were all 0.0. For 2025 the Recordable Incident Rate is 4.90 and DART Rate and Severity rates are both 0.0. The Cooperative finished 2025 with no lost workdays.

2. Information Technology and Cyber Security Report

a. Mr. Bach discussed the Assessment Summary and the issues in the report and the "Report Card." He advised it was a good report. This report includes the efforts that were made to look into the Cooperative's computer system, and the findings are provided to the

Cooperative. He advised the report is from the Department of Homeland Security and does not cost any money to the Cooperative.

b. Phishing Report –

Mr. Bach discussed the report and advised an employee ‘clicked’ on a ‘phishing email’ he and his staff had created. The employee was notified and the employee will go through additional training to avoid this in the future. He advised that any iPads owned by the Cooperative are now removed from the server so that “clicks” on those devices cannot cause any damage or access to the internal system.

c. Post-Assessment Closure Evaluation

Mr. Bach provided a comprehensive report from CISA with the Board materials. The report identified areas of concern and approximately 83% of the issues CISA identified have been addressed. The staff at CISA advised him that the rate at which these have been addressed is timely progress. Some items identified in the assessment are essential to the Cooperative’s operations and will not be modified. Mr. Carter explained that certain employees require access to system data to perform their core duties and restricting that access could hinder operational effectiveness. All employees with such access have been trained in the associated risks and proper cybersecurity practices. Internal and external testing through CISA will continue.

## **II. LEGAL/REGULATORY**

A. Policy 214 – Excused Absences for Voting. Mr. Todd made a motion to approve the revision. Mr. Russell seconded the motion and following discussion, the motion passed unanimously.

B. Policy 309 – Procurement Conflict of Interest. Mr. Preston made a motion to approve the revision. Mr. Kerrick seconded the motion and after discussion, the motion passed unanimously.

C. Policy 310 - Ethics and Conflicts of Interest in Outside Business-Related Activities. Mr. Russell made a motion to approve the proposed revision. Mr. Todd made a second to the motion, and after discussion, the motion passed unanimously.

## **III. BOARD /CEO SESSION**

A. Annual Calendar Review

Mr. Carter reviewed the annual calendar and did not make any recommendations or changes to the items listed. Mr. Carter advised that safety continues to be a real emphasis and due to there being no days missed for a year due to accidents, he recommended all employees get an additional day of vacation. Mr. Todd made a motion to approve the extra day of vacation. Mr. Kerrick made a second to the motion. After discussion, the

motion passed unanimously. Mr. Preston asked Mr. Carter or Mr. Spalding to invite Don Mosier to visit with the Board at one of its monthly meetings this year.

**B. 6-Month Strategic Plan Review**

Mr. Carter displayed a spreadsheet which outlined the strategic plan and steps taken by staff to complete those items. The categories included Safety & Fleet, System Reliability, Technology, Communication and Member Engagement, Commitment to Community, Leadership and Employee Development, Financial Integrity and Corporate – Board.

**C. Dashboard**

Mr. Carter discussed all factors which impacted margins for the month and year-to-date. Year-end TIER and OTIER continue in the 'green' section of the chart. Equity ended the year at 23.58% for distribution equity and 40.06% total equity. Mr. Todd noted the general retirement of capital credits did not have a significant impact on equity.

**D. Board Policy Review**

- a. 402- Delegation from Board to President/CEO
- b. 403- Board of Directors President/CEO Relationship
- c. 409- Services of Consultants
- d. 410- Services and Compensation of Legal Counsel

These policies were all presented for review only. Mr. Carter advised the steps identified for him to oversee have been addressed under Policy 402. Mr. Kerrick made a motion to approve these policies as reviewed. Mr. Goggin made a second to the motion and after discussion the motion passed unanimously.

**E. 2026 PAC Renewal Checks to Farrah**

Mr. Carter and Mr. Spalding discussed this issue and the Board members advised that they would all give at least to the Century level and some agreed that they will give more.

**IV. COMMITTEE REPORTS**

**a. Governance Committee**

Policy 408 – Chairman Spalding discussed there was an ongoing review of this policy.

**V. EKPC**

Chairman Spalding noted EKPC did not meet in January but there was CFC training on financial issues. He advised there was a really good turnout for the training, as all twenty-six cooperatives were invited. He noted due to very cold temperatures over a substantial number of days that there was elevated level of sales of electricity.

## **VI. KEC/UUS**

Mr. Todd discussed recent meetings where he had been in attendance with political officials, along with Mr. Carter.

A. LEGISLATIVE RECEPTION FEBRUARY 24, 2026 (The Foundry on Broadway, Frankfort). Those who plan on attending include Mr. Todd, Mr. Russell, Chairman Spalding, and Mr. Carter. This event will be from 6-9 p.m. This is held with other IOU's as well. Mr. Kerrick moved to approve the attendance for any Board member that wants to attend the event. Mr. Goggin made a second to the motion. After discussion, the motion passed unanimously.

Regional meetings were postponed due to family illness of Mr. Perry. He also advised that KEC secured a cyber security insurance policy with a \$5M limit.

### **B. 2026 KEC Budget**

Mr. Carter presented a spreadsheet on the budget of KEC. No increase has been made for dues or costs for KEC members for Kentucky Living Magazines or dues to KEC.

## **VII. NRECA**

A. Board Governance Video- a video that covered acceptable communication between directors and employees of the cooperative, while at the office as well as socializing outside of work.

### **B. 2026 PowerXchange- March 6-11,2026 (Nashville, TN)**

#### **1. Meeting Location: Music City Center**

Mr. Spalding and Mr. Todd confirmed they will be attending PowerXchange in March.

C. CEO Close-up Report – Mr. Carter gave a report on the conference and discussed a few of the topics he found especially relevant including conducting an anonymous employee survey of safety work practices. He added that he and the staff will be working on the logistics of a survey with plans to request assistance from KEC. Another topic was political engagement through CEO leadership which he added protects the cooperative business model and develops relationships. He also noted there was discussion on developing an actionable strategic plan that involves employee input.

Mr. Preston gave a report on the Director's Conference he attended in January. He noted it was a very good conference, especially the safety portion. Only 7 Kentucky directors attended in person due to the inclement weather. Mr. Spalding participated in the virtual option, and he noted that he and Mr. Preston communicated with each other regarding which classes to attend, to get the most information from the conference.

**VIII. FEDERATED RURAL ELECTRIC INSURANCE / BOARD LEGAL UPDATE**

No report.

**IX. RUS-CFC-COBANK NEWS/UPDATES**

No report.

**X. CAPITAL CREDIT DISBURSEMENTS**

For December 2025 there was \$14,470.45 in estate retirements. Mr. Goggin made a motion to approve the estate retirements stated. Mr. Russell made a second to the motion. After discussion, the motion passed unanimously.

**XI. WORK ORDERS FOR DECEMBER 2025**

A. Work Order #202512- \$753,420.08.

A motion was made by Mr. Todd to approve the work order as stated above. A second was made by Mr. Kerrick and the motion passed unanimously.

**XVIII. APPROVE NEW MEMBERS FOR DECEMBER 2025**

A. 138 New Members

B. \$6,900.00 in membership fees were paid.

Mr. Kerrick made a motion to approve the new members and the amount of fees stated. Mr. Russell made a second to the motion. The motion passed unanimously.

**XIX. MISCELLANEOUS**

A. Expense Sheets - Chairman Spalding requested members of the Board submit their expense sheets.

B. Next Board Meeting – The February 27, 2026, at 8:30 a.m.

1. 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.

**XX. OTHER BUSINESS**

None.

**XXI. ADJOURN**

A motion to adjourn was made by Mr. Kerrick. Mr. Todd seconded the motion and the motion passed unanimously. The meeting adjourned at 1:55 p.m.