

INTER-COUNTY ENERGY COOPERATIVE CORPORATION

Meeting Minutes Summary

February 2022

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 conference, to-wit:

Joseph H. Spalding	J. Kevin Preston
William H. Peyton	Allen Goggin
Jason E. Todd	

Also present and participating were President and CEO Jerry Carter and Board Attorney J. Hadden Dean

The Board was advised that Board Member Louis A. Kerrick had a recent medical procedure and would not be able to attend. Chairman Spalding noted that in 11 years, Mr. Kerrick has never missed a board meeting and entertained a motion to allow an excused absence for Mr. Kerrick. Mr. Preston made a motion to allow the excused absence of Mr. Kerrick. Mr. Goggin seconded the motion and the motion passed unanimously.

I. PRAYER

Hadden Dean opened the meeting with prayer.

II. SAFETY MOMENT

Mr. Carter presented the safety moment. He brought to the attention of the Board awareness of parking lots and the benefit of using backup cameras and mirrors. All devices should be used in order to make certain it is safe to maneuver within a parking lot, especially when driving in reverse.

III. ADOPTION OF AGENDA

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

IV. REVIEW OF MINUTES

The Board reviewed the minutes of the January 28, 2021, Board Meeting. Mr. Todd made a motion to approve the minutes. Mr. Goggin made a second to the motion and the motion passed unanimously.

V. JANUARY 2022 SUMMARY MINUTES

January 2022 summary minutes were reviewed. Mr. Todd made a motion to approve the summary minutes of the January 28, 2022, board meeting. Mr. Peyton made a second to the motion and the motion passed unanimously.

VII. REPORTS

Departments

The minutes will reflect that 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. For the February 25, 2022, meeting, each of the respective departments did in fact present a summary of their activities included in the board packet of each of the Directors of the Cooperative.

A. Finance and Administration – Ms. Kurtz advised the Cooperative had a good month and went through all metrics involved with the changes in the kilowatt hour price based on usage and the dramatic increase in the amount used by the Cooperative membership due to extremely cold weather. She noted margins were 1.5 million when the Cooperative had budgeted only \$368,000.00. She also went over TIER and OTIER and advised those two were exceptionally good for the year and noted since this report is only through the end of January, the year-to-date numbers were the same as the monthly numbers. She also advised the staff of the Cooperative had recently fielded a series of high bill complaints. She went over a sample bill and further discussed how the environmental surcharge, along with the fuel adjustment clause also had a significant impact for this time of the year.

Ms. Kurtz then discussed the distribution plan financial metrics along with the FFB interest rates. A lengthy discussion ensued about the possibility of significant increase in rates over the next few months. The uncertainty of the how many increases and the amount of any increases that may be considered by the Federal Reserve and other inflation factors.

Ms. Kurtz then reviewed Form 7 and explained this is the first month in which the integrated budget and accounting process is being displayed. She also advised the auditors completed their initial work and will be presenting their audit report in March. She was happy to announce there were no negative findings. Last, she confirmed the PPP loan had been paid off.

B. Office Services – Ms. Stocker advised the Board there were 21 accounts to be sent to collections totaling just over \$3,892.75. She requested those be deemed as bad debt and sent to collection. Mr. Todd made a motion to declare the unpaid accounts as bad debt in the amount stated and to send the same for collection. Mr. Goggin made a second to the motion and the motion passed unanimously.

Ms. Stocker also gave an update that there are approximately 458 accounts on prepay. Of those, 87 are also in active debt management and of those there are 44 with balances that exceed \$500.00.

Ms. Stocker presented an example of a power bill due to the number of high bill complaints. That bill illustrated that nearly 25% of the total bill came from charges for fuel adjustment and environmental surcharges. Each of those items are set by the PSC.

C. Operations – Mr. Phelps gave an update on the plant and engineering and construction efforts of the Cooperative. He also confirmed the outages that were predicted to have occurred from the recent ice storm did not happen. The crews from other parts of the state or throughout the southeast who were initially called in to help in the ICE service territory, were dispatched to other areas impacted.

Mr. Phelps then gave an update on the OMS system and advised that a simulation had been set up to help with new dispatch personnel.

He next provided an update on the AMI process and noted he is still working on review of the request for proposals. He and his staff will get additional information and review those proposals to make a recommendation of the system that would best suit the membership.

Last, Mr. Phelps stated that there is a current supply issue with transformers and that he hoped that problem will be resolved in the near future.

D. Member Services – Mr. Hitchcock gave an overview of his Annual Report for 2021. He also gave an update on the BYOT (Bring Your Own Thermostat) project. Only a few of ICE's members are currently taking advantage of that program. He also discussed the demand load control program and the statistics associated with it. Several members removed their appliances from the program.

He then gave an update regarding statistical data pertaining to the Cooperative Facebook page. For 2021, the Cooperative Facebook posts reached over 208,000 people with over 26,000 individual visits to the website. He continues to believe the social media page is a good way to keep the membership advised on topics impacting the Cooperative including ongoing projects, opportunities and outages. Mr. Hitchcock then gave an update on the Christmas Blessings event for 2021. He continues to appreciate the efforts of the Cooperative membership and staff for their work and contributions. He and Mr. Carter advised due to the continued growth of this event, there may need to be additional parameters of time and scope to be discussed.

Mr. Hitchcock presented pie charts of key accounts which now include Diageo. He noted Diageo is still not up to full capacity but is still one of the largest consumers within the Cooperative territory. He then presented an overview of updated electrical vehicles. He noted

Chevrolet has come out with an electric vehicle which includes the ability to charge a stranded vehicle. This innovation will allow consumers to have more confidence in being able to deal with a low or dead battery.

Mr. Hitchcock then outlined the process to download the Cooperative app and gave an update of its functionality.

Mr. Hitchcock and Mr. Carter then reviewed the proposed date for the 2022 Annual Meeting. After discussion there was a motion made by Mr. Peyton to set the Annual Meeting for July 27, 2022. Mr. Goggin made a second to the motion and after discussion, the motion passed unanimously. Mr. Carter included the date in a spread sheet which automatically populates the pertinent deadlines which must occur in order for the Annual Meeting to take place on July 27, 2022.

E. Executive - Mr. Carter provided additional comments on the financial report presented by Ms. Kurtz and reminded the Board and staff present that when the Cooperative experiences such a dramatic increase in power needs it does allow for greater profit margins for the Cooperative. However, that also means all of the membership is going to suffer a significant increase in their monthly billing. He also discussed the possibility of levelized billing and some additional discussion about considering increases in subsequent PSC review in order to try to help levelize any spikes which might occur due to cold or inclement weather.

1. Safety/Loss Prevention Summary

Bo McGuffey gave an update and presented a series of images regarding a member who had damage done to a fence. He also gave an update on the year-end metrics for loss time and other data relative to safety. He was overall pleased with how the staff are keeping a high priority on safety issues and advised there is always room to improve.

Mr. McGuffey discussed ideas he has to minimize or eliminate injuries from muscle strain. Some of that included having the linemen stretch before going out for service calls or other work. Those ideas include calisthenics or other stretching exercises before beginning the workday.

2. Cyber-Security

Mr. Bach advised there had been an increase in “phishing emails” and noted they are getting more difficult to identify. He again confirmed no financial data or other requests for personal identifying information should be responded to through email. He suggests that the best practice for any employee, staff or board member if there is ever a question about the legitimacy of any email or other computer related question is to contact the alleged sender of an email before providing any responses. That contact should not be by the use of a computer

but rather a phone call or in person discussion. Mr. Bach then gave an example of a “phishing email.” The example represented how legitimate the email appeared. He noted one way to distinguish between a real or an illegitimate email was to hover over the sender’s email address. When he displayed that for those present at the meeting all could see a foreign address was actually shown where the legitimate email was located. He concluded by saying the current unrest in Ukraine and Russia is being felt throughout the cyber world and attempts to gain unauthorized access to the Cooperative’s computer infrastructure have increased.

VIII. LEGAL /REGULATORY/POLICY

The Board reviewed Policies 101, 203, 313 and 321. Mr. Carter recommended minor changes to Policy 313. After review of the recommended changes, Mr. Todd made a motion to designate Policies 101, 203 and 321 as being reviewed without changes and recommended the suggested changes by staff to Policy 313. Mr. Preston made a second to the motion and after discussion the motion passed unanimously.

IX. BOARD/CEO SESSION

A. Annual Calendar Review

Mr. Carter reviewed the annual calendar with the Board and again discussed the possibility of having in-person guests come to address topics/issues with the Board. He talked about having Tony Campbell and others from EKPC to come and provide an update and answer questions. He will collaborate with the staff to set up that meeting in the near future.

B. Dashboard – Mr. Carter reviewed the metrics listed in the dashboard and advised that overall, the operations metrics were good. He also added that OTIER, TIER and equity were all good. He discussed that the recent increase in the debt to equity ratio was a result of the draw on the work plan/line of credit. Again, he noted the margins for January indicated that the membership had received substantial bills as a result of high energy needs and added that the significant increase of the bills was compounded by the high costs of the environmental surcharge and fuel adjustment clause.

C. Board Policies 413, 413A, 420, 421 and 428 were reviewed. Mr. Carter did not make any changes. Mr. Goggin made a motion to reflect on each policy that the respective policies have been reviewed without changes. Mr. Preston made a second to the motion and after a discussion the motion passed unanimously. Mr. Carter and Mr. Dean advised they had redrafted Policy 413A consistent with Board’s directives and strategic planning meeting and they expected to have a version of Policy 413A available for review and potential amendment in the March 2022 meeting.

D. CRC Voting Delegate/Alternate Delegate – Mr. Carter noted that Mr. Todd was the current delegate and that he requested this motion be held until March so that the full board could consider who might want to serve in that position.

X. COMMITTEE REPORTS

A. Governance Committee Charter – In light of Mr. Kerrick’s absence, this report will be presented at a later date.

XI. EKPC

Chairman Spalding advised strategic plan had been reviewed and updated at EKPC as of December 2021. He also discussed the gas prices and other issues that have impacted EKPC through the month. He did note that margins were \$10 million and further noted they had expected negative margins. He stated the extreme weather was mostly responsible for this significant increase in margins. Chairman Spalding then identified equity at year-end was at 21.4% which was slightly above the target rate of 20%. He did note EKPC would typically consider paying out capital credits when equity exceeds 20%. He also gave an update on PURPA with regard to a recent FERC ruling. This issue deals with instances where a member or others plant generation less than 5 megawatts within the distribution and/or service territory of EKPC. There is still pending legislation on how the price will be set for compensating those small generation plants.

XII. KEC/UUS

Mr. Todd advised he recently attended a KEC meeting, and the minutes and other activities were outlined in the board packet. He and Mr. Carter expected that legislation will be introduced in Kentucky to revise the income tax laws. It is anticipated there will be a phase out of income tax with a broader state sales tax. The parameters of those amendments have not been revealed and should be forthcoming in the next few days.

XIII. NRECA

Chairman Spalding advised that due to the length of today’s meeting, no Board Governance video will be played at this time. He then gave an update on the NRECA PowerXchange that was scheduled to occur March 6-9, 2022. The NRECA director’s conference is to be held in Austin, Texas from April 2-5, 2022. The online version of that conference will be occurring on April 4. Mr. Spalding will be attending and the deadline to register is March 11, 2022.

XIV. FEDERATED RURAL ELECTRIC INSURANCE

A. Federated’s Report from the Board – February 2022

Mr. Carter referred the Board to review the Federated Report in the board packet. There was no further information provided.

XV. RUS-CFC-COBANK NEWS/UPDATES

Mr. Carter noted the ongoing effort to complete the strategic plan and reduce it to writing. He reminded the Board that the strategic planning session was curtailed as a result of a threat of a serious ice storm.

XVI. CAPITAL CREDIT DISBURSEMENTS

For January 2022 there was \$11,101.36 in capital credit disbursements. Mr. Goggin made a motion to approve the capital credit disbursements which was seconded by Mr. Peyton. The motion passed unanimously.

XVII. WORK ORDERS FOR JANUARY 2021

- A. Work Order #2036 – \$199,080.29.
- B. Work Order #2037 - \$0.00

Mr. Peyton made a motion to approve the work orders as stated and Mr. Goggin made a second to the motion and after discussion the motion passed unanimously.

XVIII. APPROVE NEW MEMBERS FOR JANUARY 2021

- A. 150 New Members
- B. \$7,500.00 Membership Fees

Mr. Goggin made a motion to approve the 150 new members application for membership and Mr. Peyton made a second to the motion. The motion passed unanimously.

XIX. MISCELLANEOUS

Chairman Spalding requested the Board submit their expense sheets by providing those to Farrah Coleman. Chairman Spalding noted the next regular board meeting is scheduled for Friday, March 25, 2022, at 8:30 a.m.

Chairman Spalding suggested that 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

Chairman Spalding called for any other business to be brought before the Board. None was provided.

XXI. ADJOURN

A motion to adjourn was made by Mr. Peyton. Mr. Preston seconded the motion and the passed unanimously, and the Board adjourned at 1:50 p.m.