

Meeting Minutes Summary

February 2024

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	Bill Peyton
Jason E. Todd	Allen Goggin

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

I. PRAYER

Mr. Preston opened the meeting with prayer.

II. SAFETY MOMENT

Mr. Todd gave a safety moment on the perils of working in attic spaces and the potential risk of falling through a roof.

III. ADOPTION OF AGENDA

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

IV. REVIEW OF JANUARY 26TH, 2024 MINUTES

The Board reviewed the minutes of the January 26th, 2024, 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. REVIEW OF JANUARY 26TH, 2024 SUMMARY MINUTES

The January 2024 summary minutes were reviewed. Mr. Preston made a motion to approve the summary minutes of the January 2024 board meeting. Mr. Peyton 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 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

23, 2024, 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 – January of 2024 was the highest power bill in the history of the Cooperative at \$6.3 million. January operating revenues were \$8.4 million and \$1.7 million more than the same time last year. The budget for January 2024 margins was \$417k and the actual margins were \$452k. January 2024 OTIER was 3.54 and TIER was 3.59.

Total services in place increased by 1.17% and the miles of line increased by 1.14%.

A review of interest rates was compared between January and February of 2024 and were slightly up over every maturity except for the 3-month time frame. It was only down .01%.

Ms. Kurtz presented data of returns on investments of the Cooperative in commercial paper and select notes as of February 21, 2024.

The finance report ended with review of the Form 7 report.

B. Office Services – Ms. Kurtz advised 14 accounts were overdue and older than October 1, 2023, and that total was \$3,171.40. Mr. Todd made a motion that these accounts be assigned to bad debt and sent to collections pursuant to the PSC regulations. Mr. Goggin made a second to the motion and the motion passed unanimously.

A bar chart illustrating the various payment channels that the Cooperative uses to accept payments from members was presented and discussed. The vast majority of payments are made using OBI Checks [\$2.7 million] followed by EFT payments [\$1.2 million] made by cash or check.

C. Operations – Mr. Phelps advised the AMI transition is in the preliminary stages. The staff is scheduled to be trained in the new system in the near future. The plant account report stated there were 251 new work orders in January, with new construction totaling approximately just over \$1,684,724. Purchases for January were \$152,042 and 85 poles and 8,100 feet of conductor were added to the plant. Staking and Field Inventory activity was discussed. Bi-annual line inspections are 16% complete.

Charter Spectrum was billed just under \$2,261,993 for joint use “make ready” and payment of \$1,833,933 has been received. To date, 351 work orders have been created and 248 have been completed.

An update was given on the construction work being conducted by the Cooperative and contract crews. Pernod Ricard construction work was discussed and there is still a lot of work

to do before operations can begin. The original target date to start the boilers was September of 2024 and it is not anticipated that target will be met.

Right-of-way costs for January were \$16,067 and the YTD ROW billing was \$33,272. Contract cycle cost is \$4,301.25 per mile.

Mr. Phelps ended his report with a discussion of system reliability. He presented a timeline that displayed outage trends for January of 2024.

D. Member Services – A comparison of 2022 and 2023 key accounts was displayed and discussed. This was followed by a “pie chart” for the Key Accounts. The chart continues to be dominated by Diageo.

Honor Flight details were discussed, and planning is ongoing.

A series of articles on EV's was presented. One included the danger of EV trucks due to the significant weight of these vehicles. The battery weight makes an EV substantially heavier than a normal passenger car and what is being discovered is that normal guardrails will not stop these vehicles in the event of a crash. There also appears to be some effort to introduce hydrogen powered vehicles as an alternative to EV's. A new EV fast charging station was opened in Richmond and the Governor attended the opening.

A comparison of costs for EV's and other powered vehicles was displayed and discussed. A map of Kentucky's EV Plan implementation was displayed. This map shows where current charging stations are located and where more planned to be installed.

1. Christmas Blessings Year-End Summary

Contributions were \$14,614.46 for 2023 and expenses were \$18,236.74. A list of those served was provided and it included 17 district families, 52 children, 1 veteran and 8 elderly. Balance for 2024 was just over \$9,200.00.

E. Executive - Mr. Carter displayed images of various work anniversaries noting Danny Lynn celebrated his 18th work anniversary. A summary of ongoing construction projects throughout the service territory was discussed and the spread sheet identifying the data was presented.

1. 2024 Emergency Response Plan - Mr. Carter discussed the attachment and the changes to the 75-page document. This includes cybersecurity as a risk as a new area that is now in the plan.

2. Corporate Services - Mr. Carter gave an update on an incident where a cooperative employee lost a tooth while using an iron digging bar. This is the first loss time incident in the last 2 years. The incident happened in February and prior to that the rate for Recordable Incidents, DART and Severity Rate were all zero.

3. Information Technology and Cyber Security Report - Mr. Bach advised there was an incident with a 'click' and data entry regarding phishing efforts. The email was very authentic looking but was not through the Teams App and the extension data for the sender was not the email address for the sender from the Cooperative. Mr. Bach gave the details of recent cyber-attack attempts and what the staff is deploying to combat these threats.

VIII. LEGAL/REGULATORY/POLICY

Mr. Carter presented policies 101, 203, 313, 321 for review. No changes were recommended. Mr. Kerrick made a motion to state that the board reviewed the policies as referenced and that no changes were recommended. Mr. Goggin seconded the motion and the motion passed unanimously.

IX. BOARD /CEO SESSION

A. Annual Calendar Review

Mr. Carter gave an update on the status of the annual calendar and listed the schedule of upcoming months. He invited the Board to review the same and make suggestions for additional agenda items and invitations to extend for attending/presenting at a board meeting.

B. Dashboard Review

Mr. Carter reviewed the dashboard and went over the metrics outlined therein, including safety, financial, operational and customer indicators. He noted that TIER, OTIER, and Equity metrics all fell within the target 'green area' of the chart. Mr. Preston asked for a review of the dashboard metrics and how they are calculated. Chairman Spalding asked Mr. Carter to discuss these benchmarks with staff and come back with any recommended changes or modifications for consideration.

C. Strategic Plan

This matter will be presented next month.

D. Board Policy Review

Policies 402, 413, 413A, 420, 421, and 428 were presented and reviewed by the Board. A motion was made by Mr. Preston to accept the above policies as reviewed without changes with the exception of Policy 402. Mr. Peyton seconded the motion. After discussion, the motion passed unanimously. Changes to Policy 402 were discussed based upon the review during last month's meeting. Mr. Kerrick made a motion to approve changes. Mr. Goggin made a second to the motion and the motion passed unanimously.

X. COMMITTEE REPORTS

None

XI. EKPC

Chairman Spalding and Mr. Carter gave an update on the EKPC Board meeting held last month. The generation system set yet another record in January of 2024 for the most generation in the history of EKPC. All generation capacity was called upon to operate and the system worked flawlessly except for an issue with starting a gas turbine and that issue is being addressed. Margins were approximately \$9.9 million but still well below the budget of approximately \$18 million. Year-end margins for 2023 were at approximately \$175 million subject to final audited data and year-end calculations.

The Chief Information Officer from a Colorado cooperative spoke about the cyber-attack they experienced. The key points learned from the event were discussed.

There were additional discussions about federal regulation of gas suppliers and the problems being experienced when quotes for gas prices are not being provided timely and the problems experienced when gas lines are malfunctioning. Currently gas suppliers are not subject to any penalty because of their failure to provide gas and/or the refusal to provide timely quotes.

XII. KEC/UUS

Mr. Todd discussed the Legislative Reception at The Foundry in Frankfort on February 21, 2024. He said the event was very well attended. The KEC board meeting was held at the Kentucky Chamber of Commerce Office. At the board meeting, Kate Shanks, Sr. VP of Affairs, advised that Kentucky has 43,000 less workers than it had in December of 2019. The workforce participation rate is at 57%. It is estimated that there are two jobs for every person considered in the workforce. The highest level of nonparticipation in the workforce in the recent past reflects there were eight jobs for those who were in the workforce. The supply chain issues were discussed and a focus on how transformers are made was the focus of this discussion. Johnathan Shell also spoke at the meeting on various topics and the content was well received. Margins and sales are increasing as a result of strong demand. The strategic planning session is set for the end of April 2024. PowerXchange conference is scheduled to be held in March.

XIII. NRECA

A. Board Governance – not presented.

B. Directors Conference is set to be conducted in Nashville, Tennessee from April 6-9, 2024. The cut off for hotel accommodations is March 22, 2024.

XIV. FEDERATED RURAL ELECTRIC INSURANCE / BOARD LEGAL UPDATE

No report.

XV. RUS-CFC-COBANK NEWS/UPDATES

No report.

XVI. CAPITAL CREDIT DISBURSEMENTS

For January 2024 there was \$11,803.11 in estate retirements. Mr. Peyton made a motion to approve the retirements as stated. Mr. Kerrick made a second to the motion. After discussion, the motion passed unanimously. Total capital credit payouts from 1937 to present total \$7,167,813.

XVII. WORK ORDERS FOR JANUARY

A. Work Order #202401 - \$302,047.08.

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

XVIII. APPROVE NEW MEMBERS FOR JANUARY 2024

A. 120 New Members

B. \$6,000.00 in membership fees were paid.

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

XIX. MISCELLANEOUS

Chairman Spalding discussed the evaluation form for the CEO. This issue will be on the agenda for the next board meeting.

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 22, 2024, at 8:30 a.m.

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