

Meeting Minutes Summary

December 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	Allen Goggin
Jason E. Todd	Bill Peyton

Also, present and participating were President and CEO Jerry Carter and Board Attorney J. Hadden Dean. Bill Peyton was not present due to a death in the family. A motion was made by Mr. Preston to excuse Mr. Peyton from today's board meeting. A second was made by Mr. Kerrick and the motion passed unanimously.

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

I. PRAYER

Mr. Carter opened the meeting with prayer.

II. SAFETY MOMENT

Mr. Goggin discussed the dangers that exist while working with cattle. He recently sustained a serious hand injury when loading a cow when it backed up and caught his hand between a gate and fence. This happened quickly, and he was fortunate to be able to call a family member to get him to the hospital.

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 NOVEMBER 26, 2024 MINUTES

The Board reviewed the minutes of the November 26, 2024, Board Meeting. Mr. Goggin noted some wording revisions to the Operations section, and he made a motion to approve the minutes with that modification. Mr. Peyton made a second to the motion and after discussion the motion passed unanimously.

V. REVIEW OF NOVEMBER 26, 2024, SUMMARY MINUTES

The November 2024 summary minutes were reviewed. Mr. Todd made a motion to approve the summary minutes with the same modification to language of the Operations department report. 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. 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 November had positive margins of \$287,728 and OTIER was 2.62 and TIER was 2.65. Year to date operating revenue is \$611k higher than last year. The budget year to date for net margins is \$91,832 and currently net margins are \$1,998,271. Year to date OTIER is 1.76 and TIER is 2.05.

Total services in place increased by 1.54% and the miles of line increased by 4.16%.

The FFB Borrowing rates for approximate quarterly interest rates between October through December were reviewed.

Ms. Kurtz and Mr. Carter discussed the working capital and forecast status report.

The finance report ended with review of the Form 7 report and interest income report.

B. Office Services – Ms. Kurtz advised that 25 accounts were overdue and older than March 1, 2024, and the total for those overdue accounts was \$4,857.24. Mr. Todd made a motion to have these accounts assigned to bad debt and sent to collections pursuant to the PSC regulations. Mr. Preston made a second to the motion and the motion passed unanimously. Year to date overdue accounts totaled 306 with approximately \$76,000 owed.

Currently there are 596 members with prepaid accounts. FAC factor will include a credit on January bills.

C. Operations – Mr. Phelps discussed the plant account work and advised 201 new work orders were started in November. New construction costs were just over

\$2,540,000. There were 218 poles installed and nearly 45,258 feet of conductor added to the plant. He then updated the staking and field inventory activity for the month.

The joint-use project was discussed, and it is expected that a large number of requests may be delayed to the start of the new year.

Construction crew report included a discussion regarding extensions made at the airport in Danville and other work in Broughtontown and Lebanon. All Cooperative employees were working on new service work orders.

The right of way chart was presented. Mr. Phelps noted work through November was completed and maintenance costs were \$28,150. Total year to date costs for ROW clearing is \$2,281,234.

The AMI installation includes approximately 11,000 meters being installed. The new radio system has been installed and is functioning properly. Steps to retire the old system and equipment are underway.

D. Member Services – Mr. Hitchcock was out on vacation and Mr. Carter gave his report and reviewed the Key Account Monthly Summary Comparison for 2024. Year to date, these accounts totaled \$15,194,700 of power purchase. The Key Account Monthly Summary Comparison total for November was \$1,445,336.

Diageo represents a 68% portion of the pie chart of the top five key accounts and is followed by 12% by Makers Mark.

Several photos from Christmas Blessings were displayed and the program was a huge success in 2024. This included not only gifts but a Christmas dinner for each family. The auction for Christmas Blessing totaled over \$8,000.

E. Executive – Mr. Carter discussed the construction plan spread sheet. He noted the increase in the expenditures compared to prior years. The increase is primarily due to the AMI program. The purchase of the meters and change out costs are substantial. Mr. Carter then displayed images of employee work anniversaries noting the five (5) people listed were celebrating work service anniversaries with a total of 60 years of service. Mr. Carter gave certificates to Mr. Hitchcock for 30 years of service and Mr. McGuffey has 20 years of service.

1. Corporate Services - Mr. McGuffey discussed his report for the month of November. He advised an employee had stepped in a hole and twisted his ankle and is on light duty subject to getting an MRI completed. He also advised two pick-up trucks that were on order will soon be delivered. Year to date the Recordable Incident Rate was 5.36, DART Rate was 1.79 and Severity Rate was 28.56.

2. Information Technology and Cyber Security Report

Mr. Cole Parsons discussed the “phishing security tests” and advised the employees to have done well on clicking improper emails.

3. NRECA voting delegates for the PowerXchange are currently Chairman Spalding as delegate and Kevin Preston as the alternate delegate. Mr. Kerrick moved that Mr. Todd serve as the alternate delegate. Mr. Goggin made a second to the motion and the motion passed unanimously.

4. NRTC Voting Delegate - current delegate is Mr. Preston.

VIII. 2025 BUDGET PRESENTATION

Mr. Carter and Ms. Kurtz advised there have been no questions or changes to the proposed budget since the last meeting. They advised the budget for OTEIR was 1.28 and TIER was 1.50. Mr. Todd made a motion to approve the budget. Mr. Preston made a second to the motion. Following the discussion, the motion passed unanimously.

IX. LEGAL/REGULATORY/POLICY

A. Policy 205 - Insurance, Retirement and Savings Plans (Action on Proposed Revisions). The staff presented the policy with minor changes. Mr. Preston made a motion that the policy was reviewed with minor changes. Mr. Goggin made a second to the motion and the motion passed unanimously.

B. Policy 211 - Military Leave (Action on Proposed Revisions) Mr. Carter discussed the proposed changes. A motion was made by Mr. Todd to accept the proposed changes. Mr. Goggin seconded the motion and after discussion, the motion passed unanimously.

C. Policy 305 - Drug & Alcohol Policy (Action on Proposed Revisions). Mr. Carter discussed the issues with the amendment of the policy to address the pending implementation of medical marijuana. A motion to approve the changes was made by Mr. Kerrick. Mr. Preston seconded the motion and after discussion the motion passed unanimously.

D. Policy 315- Safety and Occupational Health (Action on Proposed Revisions). A motion was made by Mr. Todd to approve the proposed changes and a second by Mr. Goggin. After discussion, the motion passed unanimously.

E. Procedure 31 – Disposal of Surplus Equipment (New – for Review Only- No Action Needed) A motion was made by Mr. Peyton and a second by Mr. Todd to confirm the procedure was reviewed with no recommended changes by the staff or Board. After discussion, the motion passed unanimously.

X. EXECUTIVE SESSION

Mr. Carter called on the Board to go into executive session to discuss threatened or pending litigation. Mr. Preston made a motion to go into executive session. Mr. Todd made a second to the motion. The motion passed unanimously. Mr. Kerrick made a motion to come out of executive session. Mr. Goggin made a second to the motion and the motion passed unanimously. No action was taken thereafter.

XI. BOARD /CEO SESSION

A. Annual Calendar Review

Mr. Carter reviewed the annual calendar and did not make any recommendation of changes to the items listed.

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 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.

XII. COMMITTEE REPORTS

None.

XIII. EKPC

Chairman Spalding gave an update of issues discussed at the meeting. Those included preparedness for cold weather, power generation and PSC approval for two solar farms (Marion and Fayette County). October margins are \$9.4 million below budget for the year and the load forecast for 2024-29 was discussed.

A. Wholesale Power Contract (For Discussion Only)

Mr. Carter discussed the letter from Tony Campbell and its impact on the Cooperative. The new contract will run through 2068. Chairman Spalding added context to the request and the status of the consideration by other cooperatives. EKPC unanimously passed the contract. The agreement is due to be accepted or rejected by March 31, 2025. The current contract is set to expire in 2051. Any cooperative not accepting this contract will no longer have a contractual right to purchase power from EKPC at the end of the term of the existing contract.

XIV. KEC/UUS

Mr. Todd gave a report from last month's meeting on December 17, 2024, which he noted was longer than normal. He noted the CFC voted to remove the NRECA board positions from the CFC Board. He discussed various United Utility Supply property acquisitions, and the

updated work planned in Ohio was going to be revisited. The Kentucky nuclear committee which included three persons from the cooperative members terms runs through 2028. There is still some lack of clarity on where this source of generation is in terms of being a reality for Kentucky. Mr. Todd advised February 18, 2025, is the date set for the legislative reception to be held at the Foundry in Frankfort, Kentucky.

A historical review of the profit of KEC from 2013 to 2024 went from approximately just over ten thousand to \$16 million. Mr. Carter noted \$5.9 million came from non-core business. This included selling to entities outside the cooperative network. The statewide safety manual is ready for consideration for the coops. Mr. Tony Campbell presented a check to Kentucky Rural Disaster Fund which was partially matched by the EKPC Board. Deadline for submittal of distinguished rural Kentuckian expired as of the December meeting of KEC.

XIII. NRECA

A. Board Governance Video

A discussion with a board member of the NRECA was had and included a discussion of heritage of the cooperative. There was a discussion by the board member remembering a lesson he learned from his father with an heirloom knife and how he dropped it in the lake. The metaphoric use of this story is to put an emphasis on how history is important and how he called upon the board members to ask questions and know the history of the cooperative and the importance of that history to create a vision and pathway for the future.

B. CEO Close-up- January 12-14, 2024 (Marco Island, FL) Mr. Carter advised he will be attending this year.

C. Directors Conference- January 25-28, 2025 (Ponte Vedra Beach, FL) and online – January 26-28, 2025.

1. Attending: Chairman Spalding

2. Mr. Kerrick showed an interest in attending virtually. Mr. Todd made a motion to approve the attendance of Mr. Kerrick. Mr. Goggin made a second to the motion and after discussion the motion passed unanimously.

D. 2025 PowerXchange- March 10-12, 2025 (Atlanta, Ga) (Director Education Courses March 7-9, 2025)

XV. FEDERATED RURAL ELECTRIC INSURANCE / BOARD LEGAL UPDATE

No report.

XV. RUS-CFC-COBANK NEWS/UPDATES

A. CFC Statewide Financial Workshop- January 21-22, 2025 (Lexington). Chairman Spalding discussed the upcoming workshop.

XVI. CAPITAL CREDIT DISBURSEMENTS

For November 2024 there was \$5,262.75 in estate retirements. Mr. Peyton made a motion to approve the retirements as stated. Mr. Todd made a second to the motion. After discussion, the motion passed unanimously.

XVII. WORK ORDERS FOR NOVEMBER 2024

A. Work Order #202411- \$1,071,451.96.

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

XVIII. APPROVE NEW MEMBERS FOR NOVEMBER 2024

A. 116 New Members

B. \$5,800 in membership fees were paid.

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

XIX. MISCELLANEOUS

Mr. Bill Peyton made an announcement that he was retiring immediately and tendered a letter supporting that request which was delivered to Chairman Spalding. Chairman Spalding noted that his father was elected December 2, 1950, and he and his father have served the Inter-County Board for 74 years. A motion was made by Mr. Goggin and a second by Mr. Kerrick to accept the resignation. The motion passed unanimously, and all Board members and Mr. Carter and Mr. Dean thanked him for his service to the Cooperative.

Chairman Spalding noted that there will need to be an appointment to serve the balance of the unexpired term of Mr. Peyton.

Chairman Spalding requested the Board submit their expense sheets by providing those to Farrah Coleman. The next meeting is set for January 31, 2025, at 8:30 am.

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. A second was made by Mr. Goggin and the motion passed unanimously. The meeting adjourned at 1:20 p.m.