

## Meeting Minutes Summary

February 2023

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. Dean opened the meeting with prayer.

### II. SAFETY MOMENT

Chairman Spalding gave the safety moment. He advised due to recent heavy rains, several of the low-lying areas became flooded in Marion County. There was one reference of loss of life, as a result of someone driving a vehicle into fast moving water. That vehicle was swept away and flipped over and the driver unfortunately, passed away. Chairman Spalding advised even if you are familiar with the area in which you are traveling, do not enter a roadway where you are unable to determine if the roadway may have washed away or have other obstacles that could result in the vehicle being incapable of passing through the area, and presenting a life-threatening environment to the driver.

### III. ADOPTION OF AGENDA

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

### IV. REVIEW OF MINUTES

The Board reviewed the minutes of the January 27, 2023, Board Meeting. Mr. Todd made a motion to approve the minutes. Mr. Peyton made a second to the motion and the motion passed unanimously.

### V. JANUARY 2023 SUMMARY MINUTES

January 2023 summary minutes were reviewed. Mr. Peyton made a motion to approve the summary minutes of the January 27, 2023, board meeting. Mr. Preston 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 24, 2023, 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 – The Cooperative ended with negative margins (-\$166,000.00) for January, 2023. The budget for January (during a typically cold month) was for margins of \$700,000.00. The primary source of the loss surrounds the fact that there were over \$1,260,000.00 less operating revenue mated with marginally higher operating expenses. OTIER for January was at -.09 and TIER at -.02.

Total services in place increased year-to-date by 1.18% while the miles of line increased by .24%. The FFB rates were reviewed which demonstrated short and long term rates have marginally gone up. A chart of the investment return for commercial paper was also presented. Each of those rates varied from 3.475% up to 3.925% for each of the respective terms listed.

Staff and Board reviewed the financial and statistical report (Form 7), as signed by Mr. Carter and Ms. Kurtz on February 22, 2023.

Ms. Kurtz discussed the financial ratios and advised the margins and equity as a percent of assets totaled 38.16% and the long term debt as a percent of plant was at 52.71%. She also gave an outline of the TIER and OTIER which were both marginally negative for the month of January and year-to-date for 2023.

The Board then reviewed the working capital status report and forecast of the 2023 budget.

B. Office Services – The report reflected there were 30 accounts for bills that were older than October 1, 2022 which totaled \$5,739.07. Mr. Goggin made a motion to approve those accounts being assigned to bad debt and sent to collections pursuant to PSC regulations. Mr. Peyton made a second to the motion and the motion passed unanimously. The Cooperative has approximately \$45,800.00 that is currently being paid under the debt management program. Ms. Stocker advised that the community action provided just over \$78,500.00 for bill assistance in the month of January.

C. Operations – There were 149 new work orders in January. New construction totaled just under \$538,400.00 and purchases were approximately \$95,250.00.

Mr. Phelps discussed the staking that was underway at Marker's Mark, the Lancaster Road Substation, and the status of pole change out for Windstream and Charter. He also advised the

Cooperative received a payment for a three phase line for the Kentucky helium producers which is located on Boone's Creek. That cost was approximately \$135,000.00. Right-of-way clearing is in progress for the installation of that line. Field inventory is also being done throughout the Cooperative territory. Shelby City, Highland, Broughtontown, Gooch, Garrard, Lancaster, Ballard and Toddville substations are 100% complete and are currently in use. HT Adams and Perryville members are being processed at the current time. Construction crews are working on the three-phase tie line between the Lebanon and Loretto Substations.

The right of way clearing for 2022 is now complete. The budget and schedule for the number of miles to be cleared for 2023 was presented.

The AMI (Case # 2022-000350) was approved by the Public Service Commission. An update on the construction of the new distillery at Pernod Ricard is progressing quickly and many materials needed for supplying power to that business have been ordered, however, some items are subject to being priced for purchase.

Mr. Phelps advised he is currently interviewing for two open lineman positions. They will be primarily engaged in light construction and maintenance.

D. Member Services – A general overview of the activity report was presented for the calendar year of 2022. That included almost 1500 separate events or activities. A summary of the department activity for the month was also presented.

As of January 2023, there were 129 smart thermostats installed throughout the service territory. The key account monthly summary was presented for January. That bar graph reflected there was just over \$1,580,000.00 of electricity billed for that month to the key accounts. The 2023 top five key accounts pie chart was presented with Diageo again dominating that entire graph with 74% of the power consumed for the top five industrial members of the Cooperative.

Several images of the massive construction project at Pernod Ricard were presented. Also, expansions at the Marion County Board of Education were presented. That addition is being made to the high school which includes approximately 6,000 square feet of area which is anticipated to be used for new classrooms.

#### 1. Annual Meeting

Mr. Hitchcock presented an outline of the important 2023 Annual Meeting dates and deadlines. Those range from March all the way through July of 2023. Several action items will be undertaken at the March 2023 board meeting including a review of district composition, a review of upcoming election process for Boyle and Garrard districts, appointment of Credentials and Election Committee and officer for Casey, Lincoln, Marion and Mercer districts and finally setting dates for

the Credentials and Election Committee meetings. The last date for that committee to meet would be May 12, 2023.

E. Executive – Mr. Carter presented a spreadsheet of the construction project summary from 2013 through 2023. He also gave an outline of the BD8 Work Plan actual and the BE47 Work Plan (actual).

He then presented a slide of the service anniversaries for February 2023 for three of the linemen. Their terms of service ranged from 17 years to 4 years.

1. Safety/Loss Prevention Summary – The report reflected no incidents to report for January of 2023. As such, the recordable incident rate, DART rate and severity rate were all zero for the month. Those numbers likewise carried through for the annual number, as that was the only available data.

Mr. McGuffey reviewed his activity with several crew visits, including one that involved a broken three-phase pole as a result of a car wreck in Lincoln County. He ended with giving details from the safety meeting held in February by Sgt. Jason Morris with the Kentucky State Police. The subject matter of that meeting involved defensive and distracted driving.

2. Cyber Security Update – Chris Bach advised overall the Cooperative is performing well compared to the subject matter pier group from August of 2022 through December of 2022. He did advise an employee of the Cooperative clicked on phishing email that they thought was a “test email” from Mr. Bach. It actually ended up being a phishing email. Mr. Bach identified the issue and confirmed there was no breach or damage done to the network. He again reiterated the vigilance with regard to the creativity and the authenticity of phishing emails continues to improve.

3. CRC Voting Delegate – Mr. Carter advised the Board needed to nominate the CRC Voting Delegate. He advised last year the Board nominated him for that position. Mr. Preston made a motion that he again serve in that capacity. A second was made by Mr. Peyton and the motion passed unanimously.

#### **LEGAL /REGULATORY/POLICY**

The Board had several policies to review. Mr. Kerrick made a motion to approve Policy 203, 213 and 321 as being accepted without changes and Policy 101 with the changes as recommended by staff. Mr. Peyton made a second to the motion and the motion passed unanimously.

The Board then undertook to review the recommended changes to 13 employee policies to be referenced as employee procedures. A list of those policies was attached to the board packet. During the discussion, the Board asked that the Policy 319 Workplace Firearms Policy

also be brought back to the Board for an additional review. Each of these reviews will be placed on the agenda for the Board's consideration at a future meeting date.

**IX. BOARD/CEO SESSION**

A. Annual Calendar Review - Mr. Carter began with a review of the annual calendar. Major agenda items for the month of March and throughout the balance of the year were discussed. As a part of that review, Mr. Preston made a motion that the Board conduct another review of Policy 420 and Policy 421. These policies deal with guest and member attendance at board meetings. Mr. Peyton made a second to the motion and the motion passed unanimously. This item should be placed back on the Board's agenda for further review and potential changes.

B. Dashboard Review – The safety, financial, operational, and consumer and customer indicators were reviewed by the Board. It was noteworthy that the distribution equity was still at 20.88% with total equity being at 38.16%. The Board and Mr. Carter acknowledged that extraordinarily warm temperatures in January and into early February are likely going to take a toll on margins.

**X. COMMITTEE REPORTS**

None.

**XI. BOARD POLICY REVIEW**

The Board reviewed Policy 413, 413A, 420 and 428. Mr. Todd made a motion to approve Policy 413, 413A and 428 without changes. Mr. Goggin made a second to the motion and the motion passed unanimously. It was agreed that Policy 420 will be the subject matter of further review by the Board and therefore, no motion to approve its review or changes was brought forth at the meeting.

**XII. EKPC**

Chairman Spalding gave an update on the December "bomb cyclone" which produced extraordinarily and nearly unprecedented cold temperatures. He advised EKPC is likely going to be subject to a performance penalty. That results for the inability for some of the generations unit to be brought online due to the unavailability of natural gas to fuel CT units throughout the service territory. It is anticipated that the claims may total over \$18.9 million dollars. However, in a twist of fate the events that brought about the inability to bring these units on for service, are covered under insurance. It is expected that a significant portion of those will in fact be paid for by insurance. He advised EKPC still had a tier greater than 1.4 and that there are ongoing discussions of how that will be addressed under the current PSC rules. In the event there is a 1.4 TIER or greater, EKPC has to make some adjustments and/or payments back to its

member owners, as a result of rules put in place during the last rate case. He then gave an update on EKPC's involvement with the new distillery in Lebanon, Kentucky. He noted two of the top distilleries in the world now have a significant presence in Marion County, Kentucky, along with other significant distilling companies throughout the service territory (Wilderness Trail Distillery in Boyle County, Kentucky and Maker's Mark in Marion County, Kentucky).

In closing his update, he advised the Governance Committee has recommended that the EKPC Annual Meeting be conducted in person, as it was prior to the pandemic. There will not be a virtual option for attendance.

### **XIII. KEC/UUS**

Board members advised that those who attended the legislative conference on February 23, 2023 were very pleased with the turn out of legislators, as well as other members of the public.

### **XIV. NRECA**

A. Board Governance Video – A video was played that dealt with the filling of vacant board positions. Several subject matters were discussed, and best practices addressed issues of soliciting individuals to consider serving on the board.

B. NRECA Legal Reporting Service January 2023 – The board packet included the January 20, 2023 installment of the legal reporting service publication. The primary article dealt with electric cooperative director districts. Many best practices were identified. At the conclusion of the discussion about the article, it was noted that many of the legal issues that are experienced in cooperatives throughout Kentucky or the United States, that deal with district composition and size, do not exist with the Cooperative. That is a result of the membership of the Cooperative voting at-large, and not based on district for placement of board members.

C. NRECA PowerXChange and Tech Advantage – NRECA will conduct workshops in Nashville, Tennessee March 5 – 8, 2023. At the time of the meeting, no board member had advised of their desire to attend.

D. Legislative Conference – The conference is scheduled for April 17 – 19, 2023 in Washington, D.C. at the Marriott Marques. At this time, no member had requested to be approved to attend the meeting.

E. Summer School for Directors – The conference is set to occur in Myrtle Beach, South Carolina June 9-13, 2023. As there is still sufficient time for the members to review the agenda and ask for permission for the travel, this matter shall appear on the agenda for the March 2023 board meeting.

**XV. FEDERATED RURAL ELECTRIC INSURANCE / BOARD LETGAL UPDATE**

No report given.

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

Mr. Carter advised that the CFC Conference is set to occur June 19 – 21, 2023 in Seattle, Washington. Any members wishing to attend, need to request approval by the Board and work with Ms. Coleman to arrange accommodations and transportation.

**XVII. CAPITAL CREDIT DISBURSEMENTS**

For January 2023 there was \$30,358.17 in capital credit disbursements. Mr. Goggin made a motion to approve the capital credit disbursements. Mr. Todd made a second to the motion and, the motion passed unanimously.

**XVII. WORK ORDERS FOR JANUARY 2023**

A. Work Order #2058 - \$474,877.33

Mr. Peyton made a motion to approve the work order, which was seconded by Mr. Kerrick. The motion passed unanimously.

**XVIII. APPROVE NEW MEMBERS FOR JANUARY 2023**

A. 159 New Members

B. \$7,950.00 Membership Fees

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

**XXI. 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 24, 2023, at 8:30 a.m. He also mentioned there were some conflicts with upcoming board meeting dates. After discussion, Mr. Kerrick made a motion to amend the dates of the June and August meetings as follows: June 2023 Board Meeting Date – Friday, June 16, 2023 at 8:30 a.m.. August 2023 Board Meeting Date – Friday, August 18, 2023 at 8:30 a.m. Mr. Peyton made a second to the motion and the motion passed unanimously.

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.

**XXII. OTHER BUSINESS**

None.

**XXIII. ADJOURN**

A motion to adjourn was made by Mr. Kerrick. Mr. Goggin seconded the motion and the motion passed unanimously, and the Board adjourned at 1:35 p.m.