

## **Meeting Minutes Summary**

**March 2025**

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	

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

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### **I. PRAYER**

Chairman Spalding opened the meeting with prayer.

### **II. SAFETY MOMENT**

Mr. Kerrick advised of the importance to call "811" before digging around any property. The service is free to the caller/property owner and the risk of serious physical injury or death is substantial. There is also the potential for a large monetary fine if underground services are damaged as a result of digging without being marked in advance. Calls should be made two days before the digging is expected.

### **III. SEAT JOHN HENRY WAYNE RUSSELL AS DIRECTOR - CASEY/TAYLOR DISTRICT**

A motion was made by Mr. Kerrick to seat John Henry Wayne Russell as a director to serve the unexpired term for the Casey/Taylor District. Mr. Goggin made a second to the motion and the motion passed unanimously. Chairman Spalding and the Board welcomed Mr. Russell. Mr. Russell advised he was excited to get started and looking forward to learning more about the Cooperative and serving on the Board.

### **IV. EKPC GUESTS WILL ARRIVE AT 11:00 a.m.**

Mr. Carter noted Don Mosier and Brad Young from East Kentucky Power Cooperative would be in attendance to discuss the RICE Generation Facility which is slated to be constructed in Casey County. They presented multiple images of renderings for the plant, the impact it would have on the local community, EKPC and the distribution cooperatives throughout the state. They also spent a lot of time discussing the parameters of the project including the

amount of time to build, the location of the facility, some of the challenges that are or may be faced, as well as the current status of the supply of natural gas, the state of the approval process with EKPC, in addition to other governmental entities. Mr. Mosier and Mr. Young spent nearly two hours meeting with the Board and answering questions. The Board appreciated the time and efforts taken by EKPC in providing the presentation to the Cooperative regarding this project.

**V. ADOPTION OF AGENDA**

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

**VI. ACTION ON FEBRUARY 28, 2025, BOARD MEETING MINUTES**

The Board reviewed the minutes of the February 28, 2025, Board Meeting. Mr. Todd made a motion to approve the minutes. Mr. Goggin made a second to the motion and after discussion the motion passed unanimously.

**VII. ACTION ON FEBRUARY 28 SUMMARY MINUTES**

The summary minutes of February 28, 2025, Board Meeting were reviewed. Mr. Goggin made a motion to approve the summary minutes. Mr. Kerrick made a second to the motion and the motion passed unanimously.

**VIII. 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 commentaries, 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 – Alyssa Kurtz advised that February had negative margins of \$1,421,773 and OTIER was (6.74) and TIER was (6.72). Mr. Carter and Ms. Kurtz gave an overview of the changes from 2024 to 2025 and further discussed how unfavorable margins were incurred for the month. This was primarily due to a high fuel adjustment charge on the February EKPC power bill and a low member load factor due to warm weather. The year-to-date operating revenues were \$15,581,140 and \$1,374,201 higher than last year. The budget year-to-date for net margins was \$446,462 and currently net margins are (\$1,421,773). Year-to-date OTIER is (1.20) and TIER is (1.18).

Total services in place increased by 1.35% and the miles of line increased by 4.16%.

The borrowing rates for approximate quarterly interest rates between October through December were reviewed. Ms. Kurtz discussed a loan which was maturing and discussed the market on interest rates. At this time, the staff recommended keeping it at a variable rate. Mr. Preston made a motion to renew the loan at a variable rate. Mr. Russell made a second to the motion. After discussion, the motion passed unanimously.

There was also a discussion on the cash management of the Cooperative. Ms. Kurtz expects more will need to be drawn from the RUS \$30M work plan or money from the two line of credit options, CoBank \$5M and CFC \$5M.

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

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

B. Office Services – Ms. Kurtz advised 24 accounts were overdue and older than November 1, 2024. The total for those overdue accounts is \$4,100.83. Mr. Preston made a motion for these accounts to 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. Year-to-date overdue accounts totaled 72 with approximately \$17,343.82 owed.

Currently there are 630 members with prepaid accounts.

C. Operations – Mr. Phelps discussed the plant account work and noted 205 new work orders were started in November. New construction costs were just over \$2,991,905. There were 108 poles installed and nearly 15,162' 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 Charter has been billed for just over \$5,500,000 for joint use Make Ready and has paid just under \$4,450,000. To date there have been 872 work orders created and of those, 708 have been completed

Construction crew report included a pole replacement in Danville and that the Broughtontown reconductor work plan had entered into phase 3. Cooperative employees are working on new service orders.

Right of Way for 2025 has begun with Kendall on the Gravel Switch circuit out of Perryville and Steel Rock is on the WDKY circuit out of the Toddville substation. YTD billings there was \$59,012 for cycle clearing 13.3 miles, \$18,673 for maintenance, and \$8,363 for work orders and storms. Total YTD cost is \$77,686 excluding WO's.

The AMI installation included approximately 22,000 meters being installed. The new radio system was installed and is functioning properly.

D. Member Services – Mr. Hitchcock discussed the Key Account Chart and again explained that Diageo was at 67% of the top five accounts. Year-to-date, these accounts totaled \$2,662,028 of power purchase.

A review of the Member Services Reports was presented, and the contacts were discussed.

A discussion was held regarding the request from Danville High School for a donation of 500 feet of guywire for use to help secure an area of the school property. The school accepted the donation and will be responsible for design and installation of the wire.

A chart reflecting the Residential EV Off-Peak Charging Pilot Program for February 2025 was presented. This listed members usage, and it was noted the incentive paid for off peak charging for these EVs.

#### 1. 2024 Christmas Blessings Financial Summary

Mr. Hitchcock gave an update on the project and noted there was approximately \$21,800 in contributions for 2024 with expenses just under \$19,000. The balance forwarding into 2025 totaled \$12,083.03. He noted the Christmas Blessings efforts helped 12 district families, two military families, 42 children and 9 seniors that received assistance. He again noted this is a separate entity and has been qualified for treatment under IRS 501(c) 3 and all contributions to the project are tax deductible.

#### 2. Annual Meeting

a. Review of District Composition - Mr. Carter displayed the district map where all service territory is represented. Chairman Spalding advised that the election to the Board is done at large, not by district. A review of a fact sheet was also made. A motion was made by Mr. Preston to keep the district composition the same as it is currently listed. Mr. Kerrick made a second to the motion and following discussion, the motion passed unanimously.

b. Review of Upcoming Election Process – Mr. Carter went over the process including the deadlines and other procedures listed in the policy.

c. Appointment of C & E Committee and Officer [Boyle-Casey-Garrard-Marion]. The Directors nominated those named below to the following districts to serve as the members of the C & E Committee. The date to meet is between May 2 and May 16, 2025:

- Marion - Janet Cornish
- Boyle - Todd Tiller
- Casey - Stanley Burris
- Garrard - Bobby Ray Prewitt

Mr. Carter and staff will call those listed to meeting on either May 7 or May 8 from 10 a.m. to 1 p.m. at the Cooperative headquarters. A motion was made by Mr. Todd to accept the names listed and for Mr. Preston to serve as the board member to meet with the C&E Committee. Mr. Kerrick made a second to the motion and the motion passed unanimously.

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 changeout costs are substantial. Mr. Carter then displayed images of employee work anniversaries noting nine people were celebrating work service anniversaries with a total of 128 years of service.

1. Corporate Services - Mr. McGuffey discussed his report for the month of February. The recordable incident, DART, and severity rates were all 0.0. For 2025 the Total Recordable Incident Rate is 8.47 and other rates are both 0.0. He also discussed a significant issue with sewage blockage.

a. Luthan - He discussed a matter that happened between a member and an employee of Luthan who was at the property to change out a meter. The member was not happy about the work being done. As he left, there was a gun shot fired while still on site. Notification was sent to the member, and those notices are set out based on when the work is to be done in the near future. Mr. Carter noted that a 'geofence' will map this property to give notice to employees who may make access to the property to be aware and use caution before entering.

2. Information Technology and Cyber Security Report - Mr. Bach advised of a "phishing security test" and noted the employees not fare as well on clicking improper emails. The advice is to never click any unsolicited email. When in question, you should go to the direct source to secure the legitimacy of the email or text in question.

3. Strategic Plan - Mr. Carter distributed a summary of the plan but due to time constraints, this matter will be discussed at the April Board Meeting.

## **IX. Legal/Regulatory**

### **A. Policy 201**

Workweek, On-Call, and Overtime (Action of Proposed Revisions). Mr. Carter discussed the policy and the proposed changes. Mr. Todd made a motion to approve the policy with the suggested changes. Mr. Goggin made a second to the motion and following discussion, the motion passed unanimously.

B. Executive Session.

Mr. Carter called on the Board to go into executive session to discuss threatened or pending litigation. Mr. Kerrick made a motion to go into executive session. Mr. Russell made a second to the motion. The motion passed unanimously.

Mr. Todd made a motion to come out of executive session and Mr. Preston made a second to the motion. The motion passed unanimously. No action was taken thereafter.

**X. BOARD /CEO SESSION**

A. Annual Calendar Review

Mr. Carter reviewed the annual calendar and did not make any recommended changes to the items listed. He advised he is looking to invite several different people from business or government that will have a connection with the Cooperative to meet with the Board.

B. Dashboard Review

Mr. Carter discussed the issues with the margins and followed with good news about safety, SADI and CADI for the year. Equity is stable but the upcoming borrowing will have some impact on these metrics.

C. Board Policy Review

1. Policy 406
2. Policy 423
3. Policy 424
4. Policy 425

Mr. Kerrick made a motion to acknowledge that the above-mentioned policies were reviewed and approved, with no changes. Mr. Goggin made a second to the motion and the motion passed unanimously.

D. Discussion on revising bylaws to include a portion to Pulaski County members. Mr. Carter requested this be reviewed during next month's meeting.

**XI. COMMITTEE REPORTS**

A. Governance Committee Report - Policy 422 Proposed Revisions. Mr. Kerrick made a motion to table this policy until next meeting. Following a review of the current compensation and other cooperatives, the committee did not recommend any changes to the current compensation of the directors.

**XII. EKPC**

A. Election of Cooperative Board member to serve on the EKPC Board of Directors.

Mr. Preston nominated Chairman Spalding to continue to serve on the EKPC Board. Mr. Todd seconded the motion. After discussion, the motion passed unanimously.

EKPC was charged with transmission fee from PJM that was not contemplated to be as large as it ended up being. This cost was \$15-20M, which was not budgeted for, and the issue is being reviewed.

A representative from Dairyland gave a presentation on AI and the rules and issues that come with that technology.

An approval was given for the captive cell insurance program. The matter which is now being considered for capacity issues, with power generation issues and the losses that could be associated with that.

Margins were \$5.9M over budget.

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

Mr. Todd discussed the issues that were on the agenda at yesterday's meeting. He advised margins are strong and also discussed a building expansion into another state with three years into the lease. There is strong consideration to make the business in this location continue well beyond the current lease period. He also discussed the relationship with KEC and UUS and gave a general update on the history and relationship with the two entities. Joe Arnold discussed the Rural Power Coalition, a group that is taking positions that appear to oppose the energy industry in Kentucky. This group is having podcasts with information that is contesting the function of cooperative boards.

The KEC Annual Meeting is set to happen in Louisville on August 25-26, 2025. There was a brief discussion on the director's courses that will be offered. Registration has yet to open. Mr. Kerrick and Mr. Russell expressed an interest in attending. Any board member wishing to attend needs to contact Farrah Coleman.

### **XV. NRECA**

#### **A. Board Governance Video**

The Board viewed a video on the business judgment rule. After the video, the Board discussed how this rule applies, and the efforts being made to exercise due diligence in all decision making for the Cooperative at the Board level.

B. The Legislative Conference is set to take place on April 27-30, 2025 in Washington D.C. Chairman Spalding, Mr. Todd and Mr. Carter will be in attendance.

### **XVI. FEDERATED RURAL ELECTRIC INSURANCE / BOARD LEGAL UPDATE**

No report.

### **XVII. RUS-CFC-COBANK NEWS/UPDATES**

No report.

#### **XVIII. CAPITAL CREDIT DISBURSEMENTS**

For February 2025 there was \$5,025.63 in estate retirements. Mr. Russell made a motion to approve the retirements as stated. Mr. Kerrick made a second to the motion. After discussion, the motion passed unanimously.

#### **XIX. WORK ORDERS FOR FEBRUARY 2025**

A. Work Order #202502- \$531,076.15.

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

#### **XX. APPROVE NEW MEMBERS FOR FEBRUARY 2025**

A. 135 New Members

B. \$6,750 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. Russell. The motion passed unanimously.

#### **XXI. MISCELLANEOUS**

A. Expense sheets

1. Approval of Retainer for Bill Peyton for November 2024 meeting.

Chairman Spalding advised Mr. Peyton had not been paid his retainer for November of 2024. Following a discussion, a motion was made by Mr. Preston to pay the retainer to Mr. Peyton. Mr. Kerrick seconded the motion, and the motion passed unanimously.

B. Next Board Meeting

Mr. Todd noted he had a conflict with the upcoming three board meeting dates. The Board discussed alternative dates, and Mr. Carter will advise when those dates are finalized.

Chairman Spalding requested the Board submit their expense sheets by providing those to Farrah Coleman.

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.

#### **XXII. OTHER BUSINESS**

None.

#### **XXIII. ADJOURN**

A motion to adjourn was made by Mr. Preston. A second was made by Mr. Todd and the motion passed unanimously. The meeting adjourned at 4:15 p.m.