

## Meeting Minutes Summary

October 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	Allen Goggin
Jason E. Todd	

Board Member Bill Peyton was excused from today's board meeting due to an illness on a Motion by Mr. Todd. Mr. Kerrick seconded the motion 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. Kerrick gave a handout on dementia which included a short exercise regarding a reading passage.

### **III. ADOPTION OF AGENDA**

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

### **IV. REVIEW OF SEPTEMBER 22, 2023 MINUTES**

The Board reviewed the minutes of the September 22, 2023, Board Meeting. Mr. Todd made a motion to approve the minutes. Mr. Kerrick made a second to the motion and the motion passed unanimously.

### **V. REVIEW OF SEPTEMBER 2023 SUMMARY MINUTES**

The September 2023 summary minutes were reviewed. Mr. Kerrick made a motion to approve the summary minutes of the September 22, 2023, board meeting. Mr. Todd 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 October 27,

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 – September operating revenues are up \$83,000.00 from last year and purchase power was down \$93,000.00. The Cooperative budgeted for negative margins of \$36,000.00 and the actual margins were a negative \$34,000.00. OTIER for September 2023 was negative (0.37) and TIER was 0.79. Year-to-date OTIER was 1.48 and TIER was 1.68. Total services in place increased year-to-date by .93% and miles of lines increased by .56%

A review of the approximate quarterly interest rates was compared between September and October of 2023. Rates over the respective maturities varied. However, the most significant variance started at the 5-year maturity all the way through 30 years with each of those maturities trending upward.

Ms. Kurtz noted for September of 2023, there was no reporting on late fees due to the software system transition.

The finance report ended with a review of the October monthly budget and a suggestion for the Board and all department heads to remember that the 2024 budgeting process will soon be concluded.

B. Office Services – Ms. Stocker advised that 15 accounts were overdue and older than June 1, 2023 and that total was \$4,868.27. Ms. Stocker noted there were 271 accounts delinquent with a total outstanding balance of \$75,512.27 through October 25, 2023.

There were 4 accounts collected with a total of \$1,150.20 with commissions of approximately \$288.00. The year-to-date collections for the on-line utility exchange total \$17,158.74 with commissions paid of \$4,258.32.

C. Operations – Mr. Phelps was absent from today's meeting and Mr. Carter gave his report. Activity and the plant account included 448 new work orders in September, with new construction totaling approximately \$5,561.00. There were purchases of \$316,549.00 and 58 poles were added to the plant. The report noted that staking was underway for new line extensions and the engineers were being trained on the new software. There was also a discussion about where field inventory was being identified. The report then gave an update on the construction work being carried out throughout the Cooperative between the Cooperative crews and contract crews.

A report was then given on right-of-way clearing and confirmed that Kendall completed all 2023 cycle cutting and were only doing maintenance and work order cutting. Asplundh work in the Broughtontown Circuit was scheduled to begin in 2024 at the 2023 rates but not billed until January

of 2024. The 2023 cycle cost totaled approximately \$2,053,000.00 for 440.4 miles. This yielded approximately \$4,662.00 per mile. Year-to-date maintenance cutting totaled \$143,845.00 and year-to-date spray costs were approximately \$238,980.00. The total year-to-date cost, for all right-of-way clearing, was \$2,435,823.00.

D. Member Services – Mr. Hitchcock gave an update on multiple activities throughout the service territory. He then gave an update on the residential EV Charging Pilot Program. The program was outlined in a recent article in the *Kentucky Living Magazine*. The program was targeted to encourage residential electric vehicle charging to occur off peak through the pilot program. The proposed effective date of the tariff is December 1, 2023 through June 30, 2029. Mr. Hitchcock noted that the pilot program was voluntary. Since the cooperatives do not have a DSM Rider in effect, there will be no change in the rates charged for electric service to each customer class. However, if the proposed tariff was approved, then the pilot program would offer an incentive for residential retail members of \$0.02 per kWh to delay their daily EV charging until off peak hours.

The key account summary was reviewed with comparisons for each month of 2023. The top five key accounts were listed and Diageo still dominated that charge with approximately 74% of all revenue for the key accounts. Images of the Christmas Blessings Project were presented. It was also noted that a donation was received from Diageo of \$500.00. Mr. Hitchcock then gave an update on the Member Appreciation Days and images of the activities conducted in Garrard and Lincoln counties were presented.

E. Executive - Mr. Carter reviewed the construction project summary spreadsheet along with a discussion of the October 2023 service anniversaries for six (6) employees. The longest tenured employee listed was Mr. Carter with 22 years of service in the Touchstone Energy Cooperative's in Kentucky. Others included Bo McGuffey (19 years), Chase Gander (19 years), Colby Grider (16 years), Alyssa Kurtz (15 years) and Josh Hale (9 years).

1. Corporate Services – Mr. McGuffey gave an update on an incident that resulted in no ultimate injury. An employee slipped while getting off of a forklift. He was taken to the hospital and released with no required medical treatment. Mr. McGuffey then reviewed the crew visits and the recordable incident rate, DART rate and severity rates for September 2023. All of those metrics were 0.00. He then reviewed the year-to-date statistics for recordable incidents rates being 8.42, DART rate 0.00 and severity rate at 0.00. An update was also given on the Safety Meeting that occurred on October 9, which was the Annual Safety Day.

2. Information Technology/Cyber Security Update – Mr. Bach advised there had been a recent uptick in responding to phishing emails. Additional training and diligence are

needed in order to function at a high level and avoid the ongoing complexity of cyber threats which only seem to increase and become more complex. He also discussed the seriousness of ransomware. He then gave an update to a security incident involving the Meridian Enterprise. The company is continuing to monitor whether or not there was any breach of dissemination of critical data. Mr. Bach will continue to cooperate with them and address any concerns that may be discovered through the review of the incident.

3. Proposed Rate G Tariff Change– Mr. Carter presented a red-line version of the existing large industrial rate schedule INDG. He discussed the reasons for the alteration of the G rate and how he anticipated it might impact the Cooperative. The new rate is being submitted to the PSC for review and approval.

**VIII. LEGAL /REGULATORY/POLICY** – No report given.

**IX. EXECUTIVE SESSION** – A motion was made by Mr. Preston for the Board to enter into executive session. A second was made by Mr. Goggin and passed unanimously. No action was taken by the Board during the executive session. A motion was made by Mr. Todd for the Board to return from the executive session to the regular monthly board meeting. The motion was seconded by Mr. Kerrick and unanimously approved.

**X. 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.

B. Dashboard Review

Mr. Carter reviewed the dashboard and went over the metrics outlined therein, including safety, financial, operational and customer indicators.

**XI. COMMITTEE REPORTS**

A. Audit Committee Report – No report given.

B. Governance

1. Equity Management - Mr. Carter gave an overview of the Equity Management Policy and the current financial status of the Cooperative. There was a motion by Mr. Preston and a second by Mr. Todd to refrain from any retirement of capital credits at this time based on the financial conditions of the Cooperative. Thereafter a discussion ensued. Review of the current equity, including G&T capital credits was made. Equity across the varying distribution cooperatives within Kentucky was also considered. After a lengthy discussion, the motion passed unanimously.

2. Consideration of Capital Credit Retirement - The various materials for capital credit retirements and its impact on the Cooperative were distributed to the Board for consideration and its decision on review of equity management, as well as capital retirement.

3. Board Self-Assessment – Mr. Carter distributed the Board Self-Assessment and advised the Board to complete and return the assessment to Ms. Coleman at the Cooperative.

4. Board Attorney Review – Chairman Spalding requested the Board to review the documentation for the board attorney. That documentation should be completed and returned to him for consideration and discussion at the November board meeting.

## **XII. EKPC**

Chairman Spalding gave an update on the EKPC Board meeting held last month. Chairman Spalding discussed several pending projects. A planning meeting is scheduled for the second week of October.

Discussions regarding strategic planning and generation issues consumed a lot of the meeting time. Revenue was \$800,000 below budget and for the year EKPC was \$7.9 million below budget.

## **XIII. KEC/UUS**

Mr. Todd advised of various issues being discussed at KAEC. He noted the current chairperson has stepped down and he will serve out the balance of that term before beginning his term as chairperson.

## **XIV. NRECA**

### **A. Board Governance**

The video was postponed for this month's meeting.

**B.** Winter School for Directors is scheduled to be held December 8-12, 2023, in Nashville, Tennessee. The cutoff for hotel reservations is November 7, 2023.

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

Mr. Carter discussed the cyber security insurance changes including a reduction in the amount of coverage and to be determined changes in premium.

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

**A.** CFC Financial Workshop is scheduled for January 22-23, 2024 in Lexington Embassy Suites Coldstream, Lexington, Ky. Chairman Spalding advised any board member wishing to attend and participate needs to give Ms. Coleman notice as soon as possible.

**XVII. CAPITAL CREDIT DISBURSEMENTS**

For September 2023 there was \$0 in estate retirements. There were no retirements due to computer system conversions.

**XVIII. WORK ORDERS FOR SEPTEMBER**

A. Work Order #202309 - \$15,725.00

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

**XIX. APPROVE NEW MEMBERS FOR SEPTEMBER 2023**

A. 134 New Members

B. \$6,660.00 in membership fees were paid.

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

**XX. 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 Thursday, November 30, 2023, 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.

**XXI. OTHER BUSINESS**

None.

**XXII. ADJOURN**