

# **INTER-COUNTY ENERGY COOPERATIVE CORPORATION**

## **Meeting Minutes Summary**

### **February 2020**

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 conference, to-wit:

Joseph H. Spalding	J. Kevin Preston
William H. Peyton	Louis A. Kerrick
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 the Board he witnessed several large sheets of ice and snow flying off tractor trailers and other vehicles as a result of the recent ice/storms. He strongly recommended motorists be cautious and increase distance between vehicles and adjust speed to avoid being hit by chunks of ice or snow that could cause an accident and/or damages. Additional observation for these types of potential hazards should be taken.

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

Mr. Kerrick made a motion to approve the agenda. Mr. Goggin made a second to the motion and the motion passed unanimously.

#### **IV. REVIEW OF MINUTES**

The Board reviewed the minutes of the January 15, 2021 Board Meeting. Following a review of the minutes, including changes as proposed by Mr. Goggin, Mr. Peyton made a motion to approve the minutes as amended. Mr. Todd made a second to the motion and the motion passed unanimously.

#### **V. JANUARY SUMMARY MINUTES**

January summary minutes were discussed, and changes were made to these as well. A motion was made by Mr. Preston to approve the summary minutes for the January 2021 board meeting. Mr. Todd made a second to the motion and the motion passed unanimously.

## VI. 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, 2021 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. In addition, each circulated proposed budget and reviewed each of the line items.

A. Finance and Administration – Ms. Kurtz gave a detailed report on the financial activity of the Cooperative with the period ending December of 2020. She confirmed the net margins for the year were \$1,561,985, which resulted in approximately \$100,755 less margin than December of 2019. She noted without the EKPC Capital Credit allocation, net margins for December of 2020 were \$313,136.00. This was an increase of \$576,467.00 from the year ending December of 2019. She compared the Purchase Power Bill for the entire year and noted there was an approximate 14% increase in the amount of kilowatt hours purchased and that the total average cost per kilowatt hour went down to .067236 per kwh. She also reported CFC recently revealed some statistics which included the fact that US retail for electric sales were down 3.8% but that residential sales were up. CFC staff attributed this to the lockdown during the COVID-19 pandemic which increased time at home but decreased the time spent in stores and shops. She then provided an updated of the current FFB rates and advised that the 20- and 30-year rate had gone up marginally and the 6-month and 1-year rate had gone down marginally. She reviewed the financial and statistical report for the period ending December 2020 which included a statement of operations, as well as assets, debts, liabilities, and other credit. Last, she reviewed the finance department budget and noted the year-to-date budget was just over \$721,000.00 for actual charges but under the budgeted amount of \$823,620.00. She also provided an updated regarding the estimated costs associated with the recent ice and storm. She estimated it could be over \$1.6 million dollars and noted those receipt and bills will be tabulated and submitted to FEMA for reimbursement.

B. Office Services – Ms. Stocker advised the Board there were 35 accounts overdue totaling \$10,267.06. She requested those be deemed as bad debt and, if eligible, sent to collection. Mr. Todd made a motion to declare the unpaid accounts as bad debt in the amount stated and to send the same for collection subject to the PSC and other regulations. Mr. Goggin made a second to the motion and the motion passed unanimously.

She also reminded the Board the accounts sent to collection are more than 90 days old. She confirmed there are over 300 members on prepay and the new 2/12ths deposit requirement for post pay accounts has been in place since July of 2020. She hopes that will help mitigate some of the losses that will inevitably be sustained by the Cooperative because of members in default of their payment agreement. She then reviewed her budget and advised that the cost for the current month of December 2020 was just over \$109,000.00 which was under the budgeted amount for the year-to-date of just under \$142,000.00. For the year ending 2020, the amount of expenses for her department totaled just over \$1,433,000.00 and was under the budgeted amount of approximately \$1,700,000.00.

C. Operations – Mr. Phelps gave his report and updated the Board and staff regarding the work force and power restoration to its members. As of the time of today's meeting, he confirmed there were approximately 25 broken poles, at one time there were up to 110 linemen in the field. He was very complementary of the assistance that was provided from other cooperatives and contractors. He acknowledged there was going to be a SWOT analysis performed after the work from this storm is completed and he, Mr. Carter and other staff members will be making a report and recommendation to the Board of their findings. Those will more than likely include improving data collection methods and review of software, accommodations, for those coming in from out of town and planning for meals for the crews.

He also confirmed there were 117 new work orders in December and the new construction totaled just over \$320,000.00. He advised staking was underway at the Campbellsville University for roadway lighting, Lancaster substation relocation/circuit routing and conductor changes at Perryville Road and Lexington Road. He advised the construction crews were working on pole changes, Crawford Lane reconductor, as well as work at McElroy Pike. He confirmed that the Right of Way work on the Lebanon circuit was billed out in December of 2020.

He then presented a 2021 cycle right-of-way report which acknowledged the total budget for the year was \$2,657,000.00 and estimated approximately 504 miles are targeted to be cleared in 2021.

Mr. Phelps provided an update on the Diaego project and confirmed some additional work which was necessary in grounding some of the infrastructure that supplies power to the distillery. Consulting was done with Okonite Cable Engineers and that

materials had been ordered. He was happy to advise that Kentucky Fresh expansion had passed inspection and is now energized.

He also confirmed the actual expenses for his department for the year-end of 2020 was \$5,631,000.00. This was below the budgeted amount of approximately \$5,658,000.00.

D. Member Services – Mr. Hitchcock gave of the ice storm and the details and work of the crews. He was very complimentary of the staff and crews, along with the cooperation of the outside contractors. He also confirmed some opportunities to improve communication with members. There will be a review of the outage management system and other data compilation methods over the coming weeks. He and Mr. Carter advised they will due a SWOT analysis after the storm and advise the Board of their findings and recommendations. He also presented the key account monthly summary comparison for 2019 and 2020. The bar chart reflected in every single month in 2020 was below the revenues for the same months in 2019. The total revenue for 2019 was \$6,051,621.00 compared to \$5,297,924.00 in 2020. He identified the COVID-19 pandemic as having the most significant impact on the revenue totals. He also presented a bar chart of the sponsorship and donations for 2020.

Mr. Hitchcock then gave a review of a high bill complaint and identified the member had recently had some work done and had left the fan to the “on” position which meant the fan was running 24 hours a day, 7 days a week. He also made note that the temperature in their home was only 68 degrees, notwithstanding the thermostat was set to 72-73 degrees. In that condition, the unit will run longer times throughout each day of the month as it tried to heat the interior to the temperature set by the homeowner. Mr. Hitchcock also gave photographic examples of members caught stealing electricity. He advised this is an extraordinarily dangerous practice. Some of the images included drill bits and/or nails connecting the service, as well as saw blades, vice grips and other wires used to the internal portions of the meter bases. He advised when this is discovered, the information is sent to the county attorney in the county where the thefts were occurring for prosecution and/or restitution.

Mr. Hitchcock then gave examples of a mini electric Jeep and the Tesla solar roof system and a cost comparison of the same. He also presented a vertical access wind turbine located in some communities where heavy traffic or other conditions existed that would provide the environmental means to create electricity (renewable energy).

Mr. Hitchcock then provided a key account breakdown for the top 10 accounts of 2020. Makers Mark, Walmart and EPC-Columbia were the top three commercial

consumers of electricity from the Cooperative. He then reviewed his member service budget and advised the year-to-date total of just over \$588,000.00 (which was less than the amount budgeted just over \$615,000.00.)

1. Annual Meeting – Mr. Hitchcock gave a selection of dates for the annual meeting. He and Mr. Carter recommended the annual meeting occur on the 26-27 of August 2021. A motion was made by Mr. Kerrick to set the 2021 Annual Meeting for August 26-27. Following discussion, Mr. Peyton made a second to the motion and the motion passed unanimously.

2. Christmas Blessings Year-End Summary – Mr. Hitchcock gave a summary of the Christmas Blessings initiative for 2020. He noted the staff of the Cooperative were able to assist 12 district families, including 1 military family, 38 children and 8 elderly. The Board was very complementary of these efforts by the staff.

#### E. Executive

Mr. Carter acknowledged that Ms. Kurtz was doing a good job regarding her reporting of the finances. He reported that the Executive Department budget expenses just over \$1,414,000.00 year-to-date. This was approximately \$200,000.00 below the 2020 budget. He also included the summary budget and noted that every department was under budget on their expenses. However, he noted the total revenue was down approximately \$1,952,000.00 from the amount budgeted

Mr. Carter noted 5 employees' work anniversary celebrations with the Cooperative. Those ranged from 33 years down to 2 years.

1. Safety/Loss Prevention Summary - Mr. McGuffey gave an update which included a near miss which involved the damage to an outside water hydrant. The hydrant had apparently been attached to a structure which had been removed. Our vehicle ran over the hydrant but was extremely difficult to see. The employee was able to shut the water off and have the hydrant repaired. Mr. McGuffey then gave an update on his crew visits and the recordable incident rate and severity rate for December 2020. He was happy to report those rates were zero. He acknowledged for the year there was a recordable rate of 5.14 which a DART rate of 3.42 and a severity rate of 255.09.

He advised the Safety Meeting in January included training on CPR, first aid, and ADE education. This type of training is scheduled to be

provided every 2 years. It is not required for all employees however, he was happy to advise all employees participated.

2. Cyber-Security – Chris Bach gave an update on cyber security and advised the complexity and authenticity of dangerous emails and attachments only continue to be more problematic. He advised Kroger had recently been hacked and noted great care should continue to be used by employees, staff and directors when opening any type of email communication – especially those with attachments.

## **VII. LEGAL/REGULATORY/POLICY**

- A. Policy 101 – Employment at Will (Review)
- B. Policy 203 – Supplemental Compensation Salaried Employees (Review)
- C. Policy 321 – Code of Ethics (Review)
- D. Policy 305 – Drug and Alcohol Policy (Action on Proposed Revisions).

Each of the above referenced policies were presented for review and/or proposed revisions. The changes recommended by Mr. Carter were highlighted for the Board. After review, Mr. Kerrick made a motion to approve the policies with the recommended changes or if none, to reflect they were reviewed. Mr. Todd made a second to the motion. After discussion regarding each of the policies and any proposed changes, the motion passed unanimously.

## **VIII. BOARD/CEO SESSION**

- A. Annual Calendar – Mr. Carter began with the Annual Calendar and yet again advised the Board that in -person meeting with individuals previously identified is still problematic due to the pandemic.  
He advised he was going to adjust compensation for the staff, employees, and lineman because of their incredible efforts made during the recent ice storm. He gave an outline of his proposal. He and Mr. Phelps advised there were going to be some adjustment made for the salaried staff that had put in 12 to 16 hour days during the same period.
- B. Dashboard Review - Mr. Carter made a brief review of the dashboard and discussed the safety, financial, operational and customer indicators. He continues to be pleased that the TIER and OTIER dashboard graphics are in the “green”. He also advised the equity dashboard for distribution equity continues to slowly improve. At this stage it is just below the “yellow” area which reflects between 15-25% equity. He, Mr. Dean and Ms. Kurtz will be

working on the Equity Management Policies. Mr. Carter continues to advise he is going to reach out to one or more consultants to assist with developing a strategic plan for equity improvement.

- C. Policy Review - Mr. Carter advised that due to the NRECA meeting, he requested the review of Policy 413, 413A, 420, 421 and 428 be postponed.
- D. KRTA Discussion – Mr. Carter likewise advised the Board to review the KRTA presentation but due to today’s time constraints, that would not be discussed further at this meeting.
- E. CRC Voting Delegate/Alternate Delegate – Mr. Carter requested that the delegate and alternate delegate for CRC Voting be designated during the March 2021 board meeting.

**IX. COMMITTEE REPORTS**

There were no committee reports given at the February 2021 board meeting.

**X. EKPC**

Chairperson Spalding gave an update of the financial wellbeing of EKPC and noted the 2020 Assignment of Capital Credits. In the board packet there was a capital credits memo noting the amount to be allocated to each cooperative. He stated the unaudited results for 2020 showed a positive margin at EKPC just over \$28,691,000.00. On the schedule of assigning 2020 members (unaudited), the Cooperative is slated to receive approximately \$1,248,000.00.

Chairperson Spalding then gave an update on the rate increase requested by for EKPC. He advised the estimated rate would increase approximately 5.154% for the Cooperative. It is anticipated this will pass directly through to the members of the Cooperative. This pass through will also be expected to impact the members of all cooperatives in the East Kentucky Power Cooperative family in Kentucky. However, the exact rate increase and pass through for each cooperative may vary to some degree.

**XI. KEC/UUS**

Mr. Todd advised KEC had not met since the last Cooperative meeting. He reviewed some of highlights from the January 2021 Key Point meeting which included an update on the pole attachment, PSC regulation, legislative update, and strategic planning update. He confirmed any meetings scheduled for the calendar year 2021 are to be conducted by virtual means through March of 2021 and thereafter on a month-to-month basis. Last, he confirmed there was no legislative breakfast scheduled for this year due to the COVID-19 pandemic.

**XII. NRECA**

Mr. Carter advised the Board of the upcoming directors' conference scheduled for March 23-24, 2021. He confirmed this would not be an in-person conference but conducted by virtual means. He then advised the legislative conference has been scheduled for April 19-23 and will also be conducted on a virtual platform.

**XIII. FEDERATED RURAL ELECTRIC INSURANCE**

There were no committee reports given at the February 2021 board meeting.

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

There were no committee reports given at the February 2021 board meeting.

Mr. Carter presented an article from the CFC Solutions News Bulletin dated February 8, 2021 titled "Kentucky Co-ops to Supply New Carbon-Neutral Distillery." This article discusses the Diageo project and how it is going to be the first carbon neutral distillery in the United States.

**XV. CAPITAL CREDIT DISBURSEMENTS**

Mr. Preston advised there were estates retirements for December of 2020 totaling \$30,809.18. Mr. Todd made a motion to approve the disbursements as stated by Mr. Preston. Mr. Goggin made a second to the motion and the motion passed unanimously. Mr. Preston also noted the total patronage capital retirements as of December 2020 were \$13,946,584.00.

**XVI. WORK ORDERS**

Mr. Preston identified Work Order #2007 in the amount of \$449,150.83, Work Order #2008 in the amount of \$41,030.38 and Work Order #2009 – retirement without replacement for approval. After a discussion regarding the content of those work orders, Mr. Kerrick made a motion to approve the work orders as stated. Mr. Goggin made a second to the motion and the motion passed unanimously.

**XVII. NEW MEMBERS**

Mr. Preston advised for January of 2021 the Cooperative added 135 new members totaling \$6,750.00. Mr. Todd made a motion to approve the new members and the fees collected. Mr. Peyton made a second to that motion and the motion passed unanimously.

**XVIII. MISCELLANEOUS**

Chairman Spalding requested the Board submit their expense sheets by providing those to Farrah Coleman. Chairperson Spalding reminded that the next regular board meeting has been rescheduled back to be held on Friday, March 19, 2021 at 8:30 a.m.

**XIX. OTHER BUSINESS**

Chairperson 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.

**XX. ADJOURN**

Hearing no further business, Chairman Spalding called for a motion to adjourn the meeting. Mr. Goggin made the motion to adjourn at approximately 11:30 a.m. Mr. Kerrick made a second motion to the motion, and the motion passed unanimously.