

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION

REGULAR BOARD MEETING

JANUARY 23, 2025

Call to Order: Chairman Danny Wallen called the meeting to order.

Invocation: Director Jim McKenzie gave the invocation after taking spoken prayer requests.

Quorum: Those present for today's meeting were the following: Chairman Danny Wallen, Jim McKenzie, Velma May, Secretary James Vanhooose (virtually), Gary Francis, Vice-Chairman Greg Davis, Jason Holbrook and Attorney Mike Schmitt. Also, President & General Manager Jeff Prater, VP of Operations Kirby Castle, Ex. Assistant & HR Director Judy McClure, Staff Assistant Sandra Shepherd, Accounting Manager Robin Slone, Billing & IT Manager Adam Ferguson, Member Service Manager Natasha Wiley, Electrical Engineer Will Hayes. Retiree Nathan Frisby joined the meeting briefly to address the board.

Mr. Frisby addressed the board to ask them to change the Bylaws and the Big Sandy RECC Policy regarding the Qualifications of a Board Member. He asked the board to change the language of Section D.; *Must not be an employee of or employed by the cooperative within the last seven (7) years to: must not be a full-time employee within the last seven (7) years.*

The board acknowledged his request. Attorney Schmitt told him they would discuss the matter and let him know their decision.

Safety Moment: Kirby Castle addressed the board with a Safety Moment. He began first by reporting that the employees of Big Sandy had worked 297,649 hours without a Lost Time Accident, as of January 13, 2025. This total is for the Big Sandy RECC employees only, it does not include any contractors.

Kirby's Safety Moment gave fire prevention tips.

NIOB: Approval of Minutes

Chairman Danny Wallen addressed the board for approval of the December 2024 board meeting minutes. Hearing no objections, changes or additions, Chairman Wallen stated the minutes would stand approved.

At this time, James Vanhooose asked about the New Memberships Report. He saw some with an Unknown address. This is pertaining to a service address. After much discussion and seeing the need to have a service address for all new memberships, GM Jeff Prater, Robin Slone and Adam Ferguson said they would address this and make sure that all new memberships would list a service address.

NIOB: EKPC Report

Chairman Danny Wallen addressed the board with the report from East Kentucky Power. They didn't have a January 2025 board meeting, but Chairman Wallen and GM Jeff Prater attended the CFC Statewide Workshop this week. Danny and Jeff both stated that this workshop was highly informative. Some exhibitions were: Economic Projections, Trade restrictions, tariffs, Risk Management, Finance,

Data Centers and Microsoft. GM Prater said it was one of the best meetings he had attended. Jeff said that China and the United States are competing to master AI, and it is a national security issue. He said they showed examples of how using AI can be deceiving.

NIOB: KEC Report

Vice-Chairman Greg Davis told the board that KEC didn't have a board meeting. He plans to attend the February board meeting in person. GM Jeff Prater cannot attend due to our PSC hearing being that same day (Feb. 18th).

NIOB: Attorney Report

Chairman Danny Wallen looked to Attorney Mike Schmitt for his report and Mr. Schmitt stated he had nothing to report.

NIOB: Departmental Reports

GM Jeff Prater addressed the board to begin with the departmental reports.

Finances

Robin Slone reported to the board that December operations resulted in a margin loss of (\$134,268.72) with a year-to-date margin at a loss of (\$1,019,614) and a TIER of -.14. However, we ended the year with a cash flow surplus of \$985,571.69.

We sold 3.6 million more KWH sales, year-to-date, than budgeted. Metrics show an OTIER year-to-date of (-.14), a 2-year average at .74 and our equity percentage of assets to be at 45% with EKPC and 18% without EKPC.

Billing

Adam Ferguson mentioned the late mailing of bills in December and the mail being at an almost halt, causing so many delays. This all in turn caused more traffic at the Paintsville office.

IT

Adam reported mainly the same routine work in the IT department. He told the board the latest Apple update is 18.2.1.

Member Services

Natasha addressed the board about the first 2025 Snow / Ice Storm that started on January 5th and successfully accomplished putting the power back on by Friday, January 10th. Big Sandy had over 6100 members without power at the peak of the storm. Natasha said that even with outages, the bills will be very high due to such cold weather. KEC/Statewide plans to send out language to help explain the high bills and calls that will be coming. The board made mention that media during a storm is absolutely necessary. An interesting question was asked; do we delete negative comments? Natasha answered that

we do not, but usually some members will come back with favorable comments and settle everything down. But if comments have foul language, it's set to take those off automatically.

Natasha told the board that we will be getting Carhart vests for everyone as a thank you for the Storm work and the great accomplishment of working over 300k hours without a Lost Time Accident. Natasha also mentioned that some new member rebates are now being offered. If a member changes their service from electric to a Heat Pump, they are offering \$500-\$750, depending on the SEER.

At this point, she mentioned that due to some scheduling dates, it is necessary to change the date of the Annual Meeting. GM Jeff Prater addressed the board and asked about moving the date back one week to May 8th. This date works well for everyone.

NIOB: New Business - Chairman Danny Wallen addressed the board for motions to change the 2025 Annual Meeting date to Thursday, May 8, 2025, at 10:00 a.m. Greg Davis and Jim McKenzie made motions to approve. All votes were favorable.

Operations Construction

Kirby gave the report on all Operational construction work. Year-to-date, 190 connects were done and 142 disconnects completed. Twelve trailers and twelve homes were engineered, and 1152 meters were tested, out of 1175 for the year.

Kirby answered questions about the Green Valley Road Project. Kirby said that they had pulled all the wire, and they have a couple of poles to set for taps. CW Services helped us a lot during the storm! Also, we will need to create a \$2500 change order to add extra money for flaggers that will be needed when the crew sets those poles (very close to the road). Jeff reminded us that Big Sandy will only have to pay 5% of that \$2500. We will address this request in New Business.

Kirby was asked several questions about the crews that came in for mutual assistance during the storm. Kirby stated that we probably had at the most, one hundred workers (counting Big Sandy RECC). We had construction crews, right-of-way crews and extra knowledgeable people we used as bird dogs. Management of these many people is difficult, but it worked out using all the workers in specific jobs. Jeff stated that Kirby did a wonderful job even when the odds turned against us with repeat outages and icy snow.

Right-of-Way

Will Hayes gave the ROW reports. Will stated that we have completed thirty-seven miles of the 51-mile circuit at Whitehouse. R&H cut 12.53 miles in December 2024. R&H Construction's cost per mile averaged \$6102.47. We have spent a little over the \$1.6 million budget, but this is very necessary to keep maintenance done on the ROW and help make reliability as good as possible, GM Jeff Prater stated. The board agreed.

Big Sandy Forestry

GM Jeff Prater addressed the board and gave the Big Sandy Forestry report. The Income Statement ending 12/31/24 showed a \$39,359.71 margin and this was booked over to income.

Outages

GM Jeff Prater then gave the reports on Outages from the month and year-to-date. Yearly totals reveal that the most outages per substation were at the Thelma substation. The substation with the most outages per minute was at Salt Lick. An AEP pole fell and knocked out the Salt Lick Substation. The cause of the most outages was due to maintenance.

NIOB: Manager's Report

At this time, GM Jeff Prater addressed the board, giving them an update on the pending Rate Case. He told the board that our request is just under \$3 million. Attorney Mike Schmitt turned to Jeff and said, "they will ask you about Big Sandy Forestry". They'll ask, "are we making money"? They'll ask why we established the subsidiary? Of course, the reason we started the forestry was to cut more ROW. Simply put, we must cut the ROW to be reliable. ROW is a beast, and it must be cut every day, every year. We need the money to be able to cut ROW. Attorney Schmitt was extremely helpful because he was Chairman at the PSC prior to coming to Big Sandy and he is so knowledgeable. Everyone agreed that Jeff is competent and knowledgeable to answer these and all their questions. Our Rate case hearing at the PSC in Frankfort is on February 18th.

GM Jeff Prater then updated the board about the Winter Snow/Ice storm we just came through. He computed an inflated estimate of \$2.9 million to submit to Ky Emergency Management, but the estimate is more like \$1.5-\$1.8 million.

In 2021 Big Sandy borrowed money from CoBank for the Ice Storm but for this storm we plan to draw down \$1.5-\$2 million from RUS because their interest rate is lower, at 2.75%-4% and we would lock that rate in for 2-3 years. We would pay it all back as we receive FEMA reimbursements. Attorney Schmitt said without the rate increase it would cripple us to try and keep the ROW cut and keep our reliability.

At this time, Chairman Danny Wallen stated we would temporarily adjourn from the Big Sandy RECC meeting to go into the Big Sandy Forestry meeting. Greg Davis made a motion and Jason Holbrook seconded. All votes were favorable, and the meeting began at 6:06 P.M.

BIG SANDY FORESTRY MEETING

NIOB: Approval of Minutes

Chairman Danny Wallen addressed the board for approval of the Big Sandy Forestry board meeting minutes in December 2024. Hearing no corrections, additions or other, he stated the minutes would stand approved.

NIOB: Executive Session:

Chairman Danny Wallen looked to the board for motions to move into Executive Session at 6:08 P.M. Jason Holbrook made a motion, and Jim McKenzie seconded the motion. All votes were favorable.

At 6:54 P.M., Chairman Danny Wallen asked for motions to adjourn from Executive Session. Jason Holbrook made a motion, and Gary Francis seconded the motion. All votes were unanimous.

CAPITAL CREDITS

<u>MEMBER</u>	<u>SPOUSE, LEGAL REPRESENTATIVE OR ADMINISTRATOR(S)</u>	<u>AMOUNT</u>
		\$ 310.71
		\$ 79.77
		\$ 381.49
		\$ 580.53
		\$ 99.84
		\$ 594.95
Total		\$ 2,047.29

NEW MEMBERSHIP REPORT
 JANUARY 2025 BOARD MEETING Attachment "C"

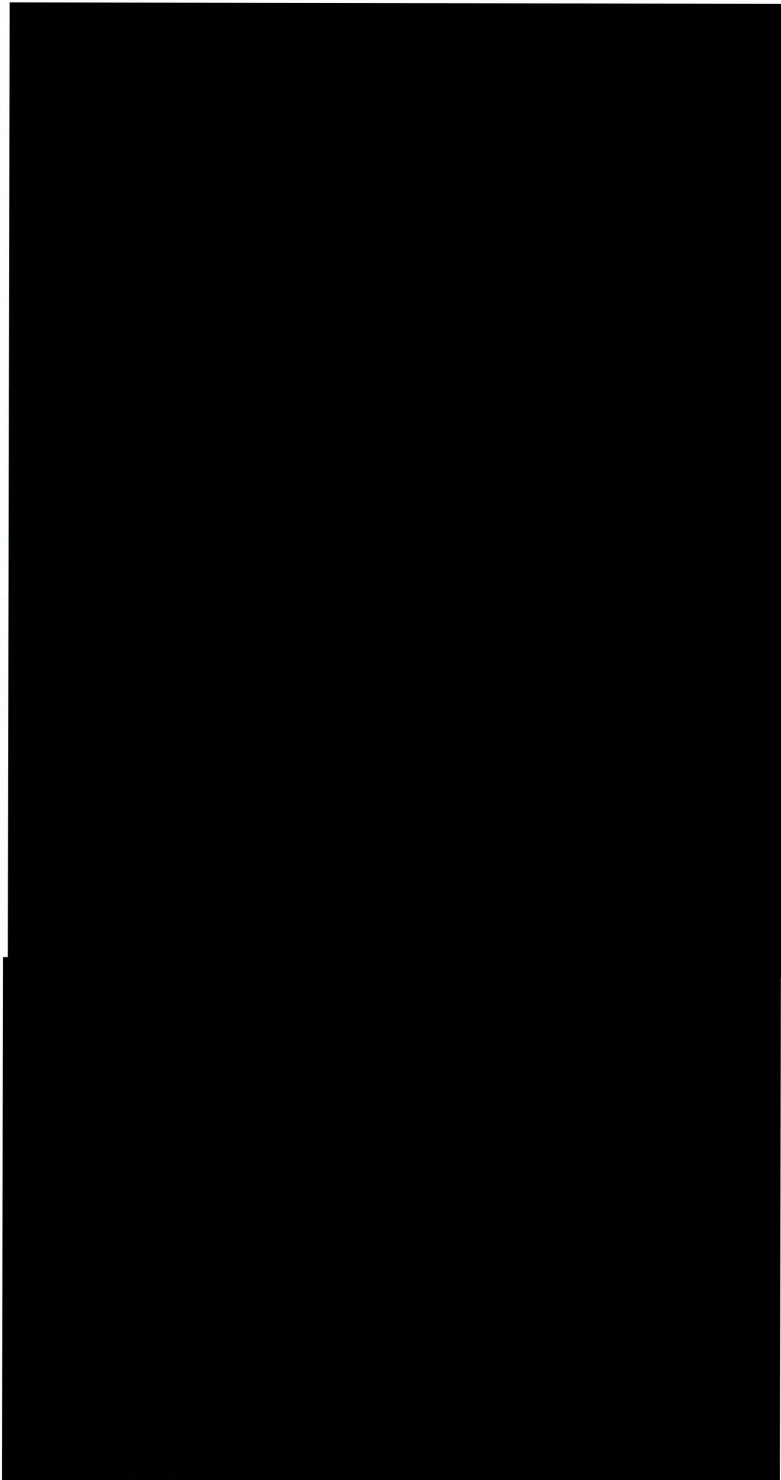
Account	Name	Service Address	Service City	Service ZIP	Location (Membership Date)
			MARTIN	41649 FL	12/1/2024
			PRESTONSBURG	41653 FL	12/2/2024
			PAINTSVILLE	41240 FL	12/3/2024
			PRESTONSBURG	41653 FL	12/3/2024
			PRESTONSBURG	41653 FL	12/3/2024
			PRESTONSBURG	41653 FL	12/4/2024
			PRESTONSBURG	41653 FL	12/5/2024
			GARRETT	41630 FL	12/10/2024
			PRESTONSBURG	41653 FL	12/11/2024
			PRESTONSBURG	41653 FL	12/11/2024
			PRESTONSBURG	41653 FL	12/11/2024
			HUEYSVILLE	41640 FL	12/16/2024
			PRESTONSBURG	41653 FL	12/17/2024
				41626 FL	12/19/2024
			PAINTSVILLE	41240 FL	12/26/2024
			EASTERN	41622 FL	12/30/2024
			PRESTONSBURG	41653 FL	12/30/2024
			MARTIN	41649 FL	12/30/2024
			MARTIN	41649 FL	12/30/2024
				41626 FL	12/30/2024
			PRESTONSBURG	41653 FL	12/30/2024
			PRESTONSBURG	41653 FL	12/30/2024
			HUEYSVILLE	41640 FL	12/31/2024
			PRESTONSBURG	41653 FL	12/31/2024
			PRESTONSBURG	41653 FL	12/31/2024
			FLATGAP	41219 JO	12/2/2024
			FLATGAP	41219 JO	12/3/2024
			HAGERHILL	41222 JO	12/3/2024
			RIVER	41254 JO	12/4/2024
			BOONS CAMP	41204 JO	12/9/2024
			KEATON	41226 JO	12/9/2024
			PAINTSVILLE	41240 JO	12/10/2024

NEW MEMBER ~~LIST~~ REPORT
JANUARY 2025 BOARD MEETING Attachment "C"

PAINTSVILLE	41240 JO	12/10/2024
FLATGAP	41219 JO	12/18/2024
PAINTSVILLE	41240 JO	12/18/2024
FLATGAP	41219 JO	12/23/2024
	41228 JO	12/26/2024
LOWMANSVILLE	41232 JO	12/26/2024
RIVER	41254 JO	12/30/2024
SITKA	41255 JO	12/30/2024
FLATGAP	41219 JO	12/31/2024
ULYSSES	41264 LA	12/1/2024
LOMANSVILLE	41232 LA	12/2/2024
LOWMANSVILLE	41232 LA	12/12/2024
RIVER	41254 LA	12/16/2024
INEZ	41224 MA	12/3/2024
INEZ	41224 MA	12/10/2024
INEZ	41224 MA	12/12/2024

TOTAL: \$1,200.00

WRITTEN OFF ACCOUNTS
30 ACCOUNTS TOTALING \$5115.78
10-9-24 / 11-4-24

<u>NAME</u>	<u>ADDRESS</u>	<u>DATE</u>	<u>AMOUNT</u>
		10/22/24	\$ 155.94
		10/09/24	\$ 161.11
		10/09/24	\$ 806.07
		10/14/24	\$ 30.21
		10/15/24	\$ 23.52
		10/14/24	\$ 156.96
		10/16/24	\$ 159.08
		11/01/24	\$ 382.98
		10/09/24	\$ 7.29
		10/22/24	\$ 22.59
		11/01/24	\$ 2.42
		10/09/24	\$ 27.76
		11/01/24	\$ 12.42
		11/04/24	\$ 52.36
		10/09/24	\$ 755.52
		11/01/24	\$ 226.90
		10/15/24	\$ 18.45
		10/15/24	\$ 573.21
		10/09/24	\$ 99.65
		10/16/24	\$ 66.05
		10/09/24	\$ 30.95
		10/21/24	\$ 560.54
		10/09/24	\$ 177.87
		10/09/24	\$ 44.41
		10/09/24	\$ 45.39



11/01/24	\$ 55.66
10/08/24	\$ 92.62
10/23/24	\$ 19.67
10/29/24	\$ 257.10
10/28/24	\$ 91.08

Resume Big Sandy RECC regular meeting.

NIOB: Informational Items

Directors Name Nominating Committee Member

The Board of Directors named their Nominating Committee members as follows:

District 1- Danny Wallen; Danny Walters

District 2 – Jim McKenzie, Hobie Witten

District 3 – Velma May, Marsha Colvin

District 4 – James Vanhoose, Tom Dancy

District 5 – Gary Francis, Manis Prater

District 6 – Greg Davis, Claude Allen

District 7 – Jason Holbrook, Gene Prater

Letters will be mailed to each member to invite them to the meeting on February 27, 2025.

NIOB: New Business

Approve Job Description MSR & Prestonsburg Branch Office Supervisor

The job description for the MSR & Prestonsburg Branch Office Supervisor was developed and the board reviewed. This description lists the extra duties that a branch office supervisor does in comparison to an MSR or MSR Specialist. Velma May made a motion to approve, and Greg Davis seconded the motion. All votes were favorable.

Proposal for \$2500 Change Order for RT 40/Green Valley Road Project

As discussed previously, it is necessary to make a Change Order for the Green Valley Road Project/Grant. This extra money will provide flaggers while the crew moves two poles beside Rt. 40 for the GVR project. Jason Holbrook made a motion to approve, and Velma May seconded the motion. All votes were unanimous.

NIOB: Other Business

Capital Credits

Attorney Schmitt reviewed all applications for Capital Credits and states they should be paid. Greg Davis made a motion to approve, and Greg Davis seconded. All votes were favorable.

New Membership Report

Chairman Danny Wallen addressed the board for motions to approve the New Memberships report. Gary Francis made a motion and Jason Holbrook seconded. All votes were favorable.

Written Off Accounts

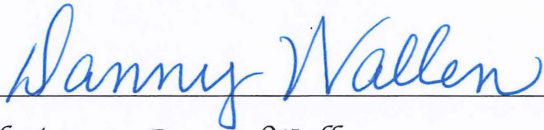
The Written Off Accounts were reviewed and a motion by James Vanhooose was made to approve. Jim McKenzie seconded, and all votes were unanimous.

Per Diem and Mileage

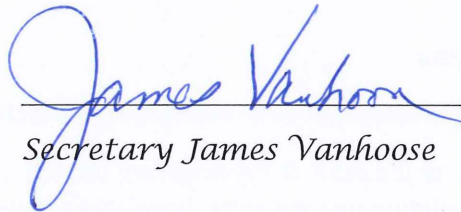
Greg Davis and Jason Holbrook made motions to approve the Per Diem and Mileage. All votes were unanimously approved.

NIOB: Adjourn

Chairman Danny Wallen addressed the board for any other items to discuss. Hearing none, he stated the meeting would adjourn at 7:00 P.M.



Chairman Danny Wallen



Secretary James Vanhooose