

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION

REGULAR BOARD MEETING

OCTOBER 24, 2024

Call to Order: Chairman Danny Wallen called the meeting to order at 4:00 P.M.

Invocation: Director Jim McKenzie gave the invocation after hearing spoken prayer request.

Quorum: Those present for today's meeting were the following: Chairman Danny Wallen, Vice Chairman Greg Davis, Secretary James Vanhooose, Velma May, Jim McKenzie, Gary Francis, Jason Holbrook, Attorney Mike Schmitt, President & General Manager Jeff Prater, Sandra Shepherd, Kirby Castle, Adam Ferguson and Judy McClure. Also in attendance was Eric Ratliff, Executive Director of Big Sandy Area Development, to dispense the documentation for the Green Valley Road Project.

Safety Moment: Line Superintendent Kirby Castle gave the Safety Report. Kirby reported that our employees had worked 201,401.5 hours since the last Lost Time Accident on 8/30/2021. GM Prater told the board that for recognition of this 3-year milestone, he wants to plan a get-together with all the employees to recognize this amazing event. We might possibly have lunch for all the employees and get a special T-shirt to show their appreciation. This is a remarkable thing that our forty-three employees worked at such dangerous jobs and even office jobs where accidents could happen very easily, without any incident.

Several things were mentioned regarding safety. Jeff talked about special tools like pole-saws that could be especially important for preventing an accident while cutting right-of-way. Also, with Halloween coming soon, remember to be prepared with bright, reflective costumes and use reflective tape so kids will be seen easily. Slow down and be aware; stay off your cell phone. Greg Davis mentioned some things as well.

FIOB: Approval of Minutes

Chairman Danny Wallen looked to the board for approval of the September board minutes. With one word revised, the board all agreed that the minutes would stand approved as prepared.

NIOB: New Business: Approval of Green Valley Road Project Contractor

GM Jeff Prater addressed the board for approval of the contractor for the **Green Valley Road Project**. Jeff and Kirby evaluated the complete cost to be approximately \$300k, with \$100k estimated for materials. There will be seventeen, 3-phase poles set.

The bids were mailed out and three were received today, October 24, 2024, and opened in the presence of Director Gary Francis.

C. W. SERVICES submitted a Lump sum Bid of \$165,472.29.

PRAXELL submitted a labor and materials bid of \$346,011.52.

SERVICE ELECTRIC submitted a bid of \$422,923.74.

GM Prater said he felt the CW Service's bid was concerning because it was half the total of another bid that came in, especially with the estimate that he and Kirby had come to. The middle bid from Praxell was more practical. The board discussed this in great detail. They unanimously agree to get more information on C. W. Services. James Vanhooose then spoke up and gave more information on this company. He knows of the company and the boss. They have been working the Hurricane storm down south, they employ two hundred men and have use of one hundred trucks. The reason they submitted such a low bid was because the owner told the boss to submit a low bid so they could bring their employees home! Due to such a low bid, GM Prater asked if the board would table the decision until we could investigate the company's integrity and work ethic and have a virtual special board meeting to decide. Greg Davis made a motion to Table the item and Jim McKenzie seconded. All votes were unanimous.

NIOB: Approval of Minutes

Chairman Danny Wallen addressed the board for the approval of the September board minutes, With the correction of one word, the board unanimously agreed to approve the minutes as prepared.

NIOB: EKPC Report

Chairman Danny Wallen gave his report from the East Kentucky Power board meeting. The equity was standing strong at 21.1%. They did have a \$3.7 million margin loss.

Chairman Wallen stated that this month's discussion about the Wholesale Power Agreement was discussed in great detail. The current contract should end in 2051, but they were discussing approving an extension to get a loan until 2068. Attorney Mike Schmitt spoke to the board and explained what the Amendment proposal meant because he was in the meetings back in 2018. The Amendment was struck down in 2018. The Amendment 5 means that all electric power must be purchased from EKPC. At this time, David Samford proposed the Amendment 5 for approval. Each coop would need to vote; but the Amendment 5 does not require each member coop to approve because of majority rules. If approved, we'd need to sign a new contract, of course.

NIOB: KEC Report

KEC didn't have a monthly meeting, but GM Prater attended the Fall Manager's Meeting. Jeff said they reported on all the storm aid given to the Flood victims (caused by the Hurricane).

NIOB: Attorney Report

Attorney Mike Schmitt was happy to report that he didn't have anything to report.

NIOB: Departmental Reports

Accounting - GM Prater gave the accounting report in the absence of Robin Slone. September margins were at a loss of -\$220,536, however, we have a forecast margin profit of \$307,793 for 2024. The month ended with a cash flow surplus of \$80,712. The storm on 9/27/24 due to the high winds caused outages which could estimate between \$150k-\$200k. Hopefully, some will be FEMA reimbursed. TIER is at .13. KWH sales are extremely low.

Billing – Adam Ferguson gave the Billing report. The processing of billing work revealed Automated at 57% and Employee at 43%. Total cash received was \$2,043,835.64 and GM Prater stated that if we had a \$3 million month, that would put us in a much better position financially.

IT – Adam continued and gave the IT report. He completed the PCI compliance for 2024-2025. He is still in T-Mobile negotiations, trying to get away from Suddenlink.

Member Service Department – GM Prater gave the Member Services report in the absence of Natasha Wiley. He reported that she had been working on the options of an online proxy for the 2025 Annual Meeting registration. He reported that she had been working on the Rate Case and maintenance and updates to the website.

Operations Reports

VP of Operations Kirby Castle gave the reports of the Construction, Retirements, Meter department and Engineering for the month. Kirby answered all questions asked of him.

Right-of-Way Reports

GM Prater asked Will Hayes, our new Electrical Engineer, to give all the Right-of-Way Reports this month. Will reported on the bid work at the Tiger Mart area of circuit #287. R&H Construction worked all twelve miles of this circuit, with an estimated cost of \$ 9551.98 per mile, totaling \$114,263. Big Sandy Forestry worked on a new service in Redbush and worked at Sugar Plum and also, worked storm work; all totaling a cost of \$37,164. Our total spent for Right-of-Way this year is at \$1,116,003.46.

Big Sandy Forestry, LLC Financial Statement

GM Prater gave the report of the BSF financial statement. At month end of September, BSF showed net income of \$10,878.92, but this doesn't include a payoff for truck work completed by the BS RECC mechanic. Also, GM Prater reminded the board that RECC needs to negotiate a new contract with BSF at the end of the year. Kirby mentioned that they're wanting a new pole saw which costs approximately \$3k.

Outages – Kirby Castle gave the report on Outages. He gave the reports of our Storm work, Dotson branch, Emma and Bill Wells substation. The most outages were at the Thelma substation and the most minutes out were at the Thelma substation. As usual, the cause of most outages was due to maintenance.

NIOB: Manager's Report

Rate Case - GM Prater reported to the board about our timeline for the Rate Case. He reported that we had submitted the first round of questions to the PSC, and thought we would receive questions from the AG anytime. We have received the Procedural schedule. March 31, 2025 is a set aside date; April

possible (6 months timeline). Licking Valley RECC is a month or two in front of us, so we are following their questions just to see examples of their answers.

SURE– GM Prater then addressed the board to tell them about a change to the SURE/ACRE donations we have contributed to in the past. They are renaming it: KEC-PAC and the money would be used in the state. They are wanting it all payroll deducted, \$4.16 each paycheck- \$8.32 of each per diem. The board was very positive about this change.

NIOB: Informational Items

November Board Meeting will be **Thursday, November 21, 2024, at 4:00 P.M.**, due to the Thanksgiving Holiday.

NIOB: New Business

Discuss R&H Construction Contract Extension

GM Prater addressed the board about the R&H contract extension. GM Prater showed the board a comparison of the work by R&H in 2023 and 2024. In 2023, R&H cut 84.67 miles, costing \$830,793.21 which is \$9,812.13. In 2024, through September, cut 59.41 miles, costing \$702,264.41 which is \$11,820.64 per mile. GM Prater stated that he had not received the request for the cost-of-living adjustment from Tim Robinson, the owner, yet, but felt he would have it before the next board meeting. GM Prater asked our Attorney, Mike Schmitt about company policy regarding negotiating a contract extension with R&H. Chairman Danny Wallen mentioned another contact to check with.

Approve Resolution 2024 Load Forecast

GM Prater addressed the board regarding the 2024 Load Forecast. He showed the board a report and explained EKPC's forecast for purposes of planning. Showed a PEAKS Summary and separated Clouder Power. He explained that every two years we need a Forecast approved and he read the Resolution. Chairman Danny Wallen asked for motions to approve the Resolution. Jim McKenzie made a motion to approve, and Jason Holbrook seconded. All votes were favorable.

Approve Job Descriptions

GM Prater asked for approval of another set of job descriptions that were revised and updated. These were the following: P/T MSR, P/T Custodian, P/T GIS Coordinator/Dispatcher, P/T Dispatcher/Operations Assistant, GIS Coordinator/Dispatcher/Operations Clerk, Plant Accountant, Safety & Loss Control and Member Services Manager. Velma May brought attention to, and it was discussed that the requirement of at least eight years' experience of the Plant Accountant be specific to FEMA. Chairman Danny Wallen asked for motions to approve these job descriptions. Velma May made a motion and Greg Davis seconded. All votes were favorable.

NIOB: Other Business

Capital Credits – Attorney Mike Schmitt reviewed all eight applications totaling \$4,435.82. Jim McKenzie made a motion and Greg Davis seconded. All votes were unanimous.

New Memberships – All New Memberships were reviewed, and Gary Francis made a motion to approve. Jason Holbrook seconded, and all votes were favorable.

Written Off – All Written Off were reviewed. Motions were made by James Vanhooose and Velma May to approve. All votes were unanimously approved.

Per Diem - Greg Davis made a motion to approve and Jason Holbrook seconded. All votes were favorable.

NIOB: Executive Session

Chairman Danny Wallen addressed the board for a motion to move into Executive Session at 6:41 P.M. Greg Davis made a motion and Gary Francis seconded. All votes were unanimous.

With all items addressed, and no other discussion needed, Chairman Danny Wallen asked for motions to adjourn back to regular session. Gary Francis made a motion and Velma May seconded. All votes were favorable, and the Executive Session ended at 7:14 P.M.

NIOB: Adjourn

Chairman Danny Wallen asked for any other discussions and hearing none, the meeting was adjourned at 7:15 P.M.

Chairman Danny Wallen

Secretary James Vanhooose

BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION

REGULAR BOARD MEETING

NOVEMBER 21, 2024

Call to Order: Chairman Danny Wallen called the meeting to order at 4:00 P.M.

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

Quorum: Those in attendance were Chairman Danny Wallen, Vice Chair Greg Davis, Secretary James Vanhoose, Velma May, Jim McKenzie, Gary Francis, Jason Holbrook, Attorney Mike Schmitt, President & General Manager Jeff Prater, Kirby Castle, Adam Ferguson, Robin Slone, Natasha Wiley, Will Hayes and Judy McClure.

Safety Moment: VP of Operations Kirby Castle gave the Safety Moment over Carbon monoxide poisoning. Kirby reminded everyone that it is known as the silent killer because it is hard to detect because you can't smell it or see it. Early symptoms of carbon monoxide poisoning are nausea, headaches, dizziness, sore throat or cough and abdominal pain. A quick test to see if someone is experiencing carbon monoxide poisoning is to get them outside into the fresh air and symptoms should begin to disappear.

FIOB: Approval of Minutes

Everyone reviewed the October board meeting minutes. Chairman Danny Wallen looked to the board for any objections, additions or changes to the minutes and hearing none, he stated the October board minutes would stand approved.

The Special Call Board Meeting minutes on **November 6, 2024**, were reviewed. Chairman Danny Wallen addressed the board for any changes, additions, or objections to the minutes. Hearing none, Chairman Wallen stated the minutes would stand approved.

NIOB: EKPC Report

Chairman Danny Wallen and GM Jeff Prater decided to show the board the Power Pulse presentation made by East Kentucky Power. Member Service Manager Shae Phillips narrated this presentation. The Power Pulse presentation showed the board East Kentucky Power's plans for the Cooperative and plans for several major capital projects that could receive \$679 million dollars in New ERA Grants.

Plans for transmission upgrades to improve reliability and reduce their carbon footprint. Plans for Cooper Station where the use of Combined Rice Engines will be installed. Plans in Liberty Station at Casey County for Solar Panels. Plans to use diesel as a back-up. East Kentucky seems to be moving from coal to more gas and solar energy. EKPC hopes to be the "Anchor Customer" helping pipelines. Shae reported on the Economic Development in Kentucky and EKPC's Strategic Planning stating that Safety is essential and "is just the right thing to do."

Chairman Danny Wallen gave the financial report; stating that EKPC equity is still at 21.7%. He also mentioned the new potential Data Center Plant. Danny mentioned that PJM should increase to 48 Gigawatts by 2030!

The presentation was highly informative and should make everyone feel confident in EKPC with their plans.

NIOB: KEC Report

Vice Chairman Greg Davis informed the board that they didn't have a November board meeting. However, KEC had a Fall Manager's Meeting that GM Jeff Prater attended. Jeff told the board that Charter and Windstream have the Pole Attachment Case reared up again.

NIOB: Attorney Report

Attorney Mike Schmitt addressed the board regarding an Indemnity Clause. The Green Valley Road Project doesn't really have an Indemnity Clause in it, but it probably should have. He said it needed to be added to their Commercial Insurance Plan, in case of a claim of any kind. So, for the future, Attorney Schmitt said that we need the addition of an Indemnity Clause in all contracts.

NIOB: Departmental Reports

Accounting and Finance

Robin Slone addressed the board with the figures for the month. The Forecast margin showed a profit of \$360k, but that shouldn't be a positive figure, but it is derived from the budget that listed an active Crypto Mine and a Rate Increase; both of which are not active yet.

However, the Daily Liquidity Fund has a balance of \$2.5 million. GM Jeff Prater also reported that we possibly have \$6 million left on the existing CWP, and maybe later in Spring 2025 we can use then.

Billing & IT

Adam Ferguson addressed the board and gave the report of the cash received and through which avenue. He also gave the IT report, stating that he is trying to move away from Suddenlink to possibly go to T-Mobile. The latest Apple update is: 18.1

Adam answered questions about AI, which is becoming dominant across the country, which can be dangerous in some ways.

Member Service

Natasha Wiley addressed the board and gave her report of activities for the month.

James Vanhooose asked about the **Kids Matter** account. Member Service Manager Natasha Wiley explained how the balance is divided. Jeff and Natasha had just been looking at this and they explained that this account is a donation account from employees and directors. Whatever is donated, the coop

matches that amount and then divides that into the five High Schools in our territory. This year each High School in Johnson, Floyd, Martin, Lawrence and Knott will receive \$559 each.

Operations Construction Report

Kirby Castle reported to the board the work completed through construction, engineering and meter work.

Right-of-Way Reports

Electrical Engineer Will Hayes gave the ROW reports to the board. The year-to-date total spent on ROW is at 1,230,422. Seventeen miles (of the fifty-one miles) of the Whitehouse circuit has been done. The ROW pie chart shows 71% Bid work. Will answered all questions asked of him.

Big Sandy Forestry

Will continued by giving the Big Sandy Forestry monthly report of work completed, which cost \$33k. GM Jeff Prater then gave the financial report showing a net income of \$6900. GM Jeff Prater also mentioned that Big Sandy RECC will need to approve a Big Sandy Forestry contract extension.

Outages

Kirby proceeded to give the Outage reports and said that squirrels are so aggravating! Kirby stated that he finally got the permit to do the work at Middlecreek. The board asked Kirby if Pike Electric gives him a report of their work accomplished, daily or weekly? Kirby said no, but they do keep in contact with him, and he could get that information.

NIOB: Manager's Report

GM Jeff Prater informed the board that he, Robin and Natasha attended in person an informal conference with the Ky PSC in Frankfort, and Judy attended virtually. The Attorney General Angela Goad, commissioners and some employees from the PSC, John Wolfram, Attorneys Alyson Honaker and Brittany Koenig were in attendance. Jeff felt this went well as John Wolfram was able to explain the coop model to them, showing the need for our rate increase. We have completed two rounds of questions from the PSC and one round of questions from the Attorney General, but Jeff expects more questions from the PSC. Jeff told the board that Licking Valley is a little ahead of us with their rate case, so Jeff follows their case to maybe help us see what might be asked of us.

NIOB: Informational Items

2025 NRECA Power Exchange Conference

GM Jeff Prater mentioned the 2025 NRECA Power Exchange Conference to the board so if anyone wanted to attend, we could schedule that. This would be in Atlanta, Georgia. No one confirmed attendance at this time.

Christmas Food City Gift Cards

Jeff told the board that we would be getting Christmas Food City gift cards for everyone as we have every year. They are \$75 each.

New Business: Approve CRC Voting Delegate & Alternate

At this time, GM Jeff Prater addressed the board regarding a Voting Delegate and an Alternate Delegate for the 2025 CRC Board of Directors election. CRC is our Cooperative Response Center, and he feels it's good to be a part of this organization/cooperative. Chairman Danny Wallen looked to the board for motions to appoint a Voting Delegate and Alternate. Jim McKenzie made a motion to keep them the same: Jason Holbrook as Voting Delegate and Gary Francis Alternate. Velma May seconded the motion. All votes were favorable.

Spray Bid Openings

GM Jeff Prater informed the board that we would have Spray Bid Openings on Monday, December 2, 2024. We would need a board member to attend. Jim McKenzie said he could be here. This would be at 10:00 a.m. on December 2, 2024.

Budgeted Pickup Truck

At this time, GM Jeff Prater had three bids for pickup trucks to decide upon. These pickup trucks are in the Budget. Bids received were the following: \$58,990 Dutch Ishmael, \$65k Bachman and \$64,800 Pops Chevrolet. It was decided and agreed upon unanimously to choose the truck from Dutch Ishmael at \$58,990.

EKPC Wholesale Power Contract

GM Jeff Prater addressed the board regarding the **EKPC Wholesale Power Contract**. After much discussion at East Kentucky Power, the EKPC Wholesale Power Contract (through 2068) was passed. Now Big Sandy RECC would need to agree to approve this contract as well because Big Sandy owns 1/16th of EKPC. This will be brought to the board at our December meeting.

NIOB: New Business

Approve Procurement / Bidding Policy #300-181

Regarding the revision of Policy #300-181; Attorney Mike Schmitt has researched and evaluated our policy for procurements and what is normal for State procurement; they take bids every year. Our policy governs these large contract items and/or contracts. GM Jeff Prater and Attorney Schmitt have discussed the purpose of revising this policy being the proposing to extend the R& H Construction and Big Sandy Forestry contracts with a COLA and to update the Threshold Amount that requires Big Sandy to enter a formal bidding process. Jeff informed the board of the R&H Construction contract and the dates and rates we're at, at this point. Jeff stated that R&H had asked for a 4.5% COLA.

Attorney Schmitt gave the board possible Policy revisions to consider regarding the revision of Policy #300-181. One consideration is under the Exceptions of the policy. This would state:

EXCEPTIONS

(c) Recently Bid Products /Services: If a specific product or service was procured through the competitive bidding process within the preceding () months, the same product or service may, with Board approval, be procured from the same supplier of such product or service without competitive bidding so long as any increase in price for such product or service does not exceed

the original contract price by more than ____%. Therefore, the board decided to approve 24 months and 7% for this exception.

The Threshold amount was proposed to be increased to \$40,000; but items costing \$39,999.99 or less would not require a formal bidding process.

After much discussion, Chairman Danny Wallen addressed the board to approve the Policy #300-181 with these revisions:

- 1) The Threshold ceiling would be at \$40k
- 2) Exceptions for recently bid products/services to be at 24 months with the increase in price not exceeding the original contract price by more than 7%.

Motions were made to approve these revisions by Greg Davis and Jason Holbrook. All votes were unanimously approved. Jeff Prater and Kirby Castle will talk with Tim Robinson, owner/operator of R&H Construction to negotiate a 3.5% COLA.

Big Sandy Forestry, LLC Contract Extension

GM Jeff Prater addressed the board to discuss a contract extension with the Big Sandy Forestry, LLC.

Jeff proposed: a 3% increase in contract/billing rate price, a 3% increase for employee's wages and an increase in the retirement for the BSF employees as follows: BSF would contribute 4% to their 401k and would match 2% if the employee would contribute 2% (Cost would be \$40k clear for the year). Jeff desires to help the employees build their retirement plan.

No action was taken at this time but will be brought back for approval at the December board meeting.

Approve Performance & Safety Bonus

GM Jeff Prater addressed the board to approve an Employee Performance & Safety Bonus, as discussed in the November board meeting. A \$400 bonus was suggested for each employee and Jeff would like to give this in the first week of December. Motions by Jason Holbrook and Greg Davis were made to approve the \$400 bonus to employees. All votes were unanimous.

NIOB: Other Business

Capital Credits

Attorney Mike Schmitt reviewed and approved all seven applications for Capital Credit refunds, totaling \$4505.61. Chairman Wallen looked to the board for motions to approve. James Vanhose made a motion and Velma May seconded. All votes were favorable.

New Membership Report

The board reviewed all New Memberships and they were approved with motions by Gary Francis and Jason Holbrook. All votes were favorable.

Written Off Accounts

The Written Off Accounts were approved with motions by James Vanhoose and Jim McKenzie. All votes were favorable.

Per Diem and Mileage

Per Diem and Mileage was approved by motions from Greg Davis and Jason Holbrook. All votes were unanimous.

NIOB: Executive Session

Chairman Danny Wallen addressed the board to move into Executive Session. He also reminded everyone of the confidentiality of this information. The meeting adjourned to Executive Session at 6:37 P.M. with motions from Velma May and James Vanhoose. All votes were favorable.

With all items addressed, a motion to adjourn back into regular session was made by Greg Davis. Motion was seconded by Jim McKenzie and the meeting adjourned to regular session at 6:59 P.M.

NIOB: Adjourn

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

Chairman Danny Wallen

Secretary James Vanhoose

