

A regular monthly meeting of the Board of Directors of Farmers Rural Electric Cooperative Corporation was held on May 15, 2025. The meeting was held in the FRECC Operations Center Conference Room. Chairman Randy London called the meeting to order at 1:00 p.m.

In attendance were:

Farmers Rural Electric Directors:

Randy London, Chairman	Paul Hawkins
Cornelius Faulkner, Vice-Chairman	Randy Sexton
C. F. Martin, Jr.	
Ronnie Smith	

Brandi Williams, Secretary/Treasurer (Participated videoconference via Zoom)

Woodford L. Gardner, Jr., Attorney-at-Law

Farmers Rural Electric Senior Staff:

Jennie Phelps	Vice-President of Finance
Chuck Bishop	Vice-President of Engineering
Corey Jackson	Vice-President of Member and Corporate Services
Caralyne Pennington	Director of Member and Public Communications
Scott Lester	Vice-President of Operations
Linda Foushee	Executive Assistant/Human Resources Coordinator
Tobias Moss	President & Chief Executive Officer

An invocation was given by Mr. Moss.

New employee introductions were given by Apprentice Lineman Taylor Ogles, and Member Service Representative Doris McClurg. Following the introductions, Mr. Ogles, and Ms. McClurg left the meeting.

The first item of business was the review, adoption, and approval of the agenda. Mr. Sexton moved approval of the agenda as presented, with a second by Mr. Smith. There was no discussion. The agenda was approved unanimously.

The next item of business was the approval of the Consent Agenda matters for approval containing the previous board meeting minutes, new and refunded memberships, and unpaid accounts to be written off for January 2025 as uncollectible. Following review, a motion was made by Mr. Smith, and seconded by Mr. Faulkner to accept the above listed items as presented. Motion carried unanimously.

The next item of business was a review of the Financial and Operating reports for April 2025 given by the management staff.

The Finance and Accounting report was given by Mrs. Phelps. Mrs. Phelps reported that the year-to-date operating margins totaled \$5,296, a \$600k decrease from the prior year, and \$329k under budget. Revenues increased \$2.2M or 10.9% while purchased power costs increased \$2.4M or 16.7% as compared to last year. The average cost per kWh purchased totaled 9.09 cents, a 0.81 cent increase from the prior year.

Overview of Income Statement: January -April 2025

Description	Last Year	This Year	Budget
Operating Revenue	\$ 20,566,619	\$ 22,806,947	\$ 21,089,687
Purchased Power Cost	(14,365,757)	(16,767,147)	(14,713,908)
Operation & Maintenance Expense	(3,127,473)	(3,496,803)	(3,425,522)
Interest, Depreciation & Tax Cost	(2,468,908)	(2,537,701)	(2,616,160)
Other Operating Margins	67,681	55,903	148,600
TOTAL MARGINS	\$ 672,162	\$ 61,199	\$ 482,697

Operating & Maintenance expenses have increased \$369k from prior year, and are \$71k over budget. Interest, Depreciation, & Tax Cost has increased \$69k from the prior year; but are \$78k less than budgeted.

Right-of-Way Expenses

	<u>Actual 2024</u>	<u>Actual 2025</u>	<u>Budget 2025</u>
<u>Year-to-Date:</u>			
Circuit	\$ 504,337	\$ 497,652	\$ 620,000
Hourly Work	28,809	25,858	31,600
Removal	52,933	74,390	20,000
Herbicide	-	-	-
Total Right-of-Way	\$ 586,079	\$ 597,900	\$ 672,600

Accounts Payable Disbursements

In February, the Accounting department issued 174 checks/drafts/ach, and two wire payments totaling \$5,736,986.

In March, the Accounting department issued 176 checks/drafts/ach, and two wire payments totaling \$7,597,667.

In April, the Accounting department issued 205 checks/drafts/ach, and one wire payment totaling \$5,002,891.

Short-Term Borrowing

As of April 30, 2025, Farmers had outstanding line-of-credit from CFC totaling \$1,173,493. As of May 8, 2025, the balance still due is \$230,000. The current interest rate on the line-of-credit is 6.25%.

Land Sale – Hart County Poleyard

The close of the Hart County property is scheduled for Monday, May 12, 2025. The 5.79 acres at the Hart County Poleyard is being sold for \$127,000 to the Commonwealth of Kentucky.

A summary was provided related to FRECC Rate Case No. 2025-00107 and the EKPC Pass-Through Rate Case.

Next, Mr. Bishop provided the monthly Engineering departmental report. The report included the following:

Work Plan Projects – Construction

- Conv 12.5/7.2kV to 25/14.4kV (Finney Rd West) – 100% Complete
- 1-phase 4 ACSR to 3-phase 1/0 ACSR (Haywood Cedar Grove Rd) – 80% Complete

Work Plan Projects – Staking

- Reconductor 2/0 ACSR to 397 ACSR (Scottsville Road) – 85% Complete

Miscellaneous

- Public Service Commission Emergency Amendment to Pole Attachment Tariff – Final version submitted on April 28, and will become effective on May 28.
- Requested on December 12 for Declaratory Order from the Public Service Commission acknowledging Certificate of Public Convenience and Necessity (CPCN) is not required for Construction Work Plan – No response has been received from the PSC.
- Annual PSC Reliability Report submitted on May 1st. A summary was provided on 26 of 67 substation feeders where reliability exceeded the five-year reliability average. The primary report causes were weather, and tree related.

For the next item of business, Mr. Lester, Vice-President of Operations, provided the monthly Operations report. He reported the following:

Reliability Projects:

1. Fusing Taps - Looking at another 50 unfused taps this year. The decision will be made to either fuse, drop the tap or change transformers from CSP to Conventional.
2. Recloser maintenance – Service will be changing out 100 reclosers (51 completed)

Line Maintenance Projects:

1. The System Inspectors are now inspecting the Circuits out of the Knob Lick substation. The System Inspectors are on schedule with the PSC 2-year cycle requirements.
2. Replaced poles in April - 40 (Groves 5 Total 143) (Groves 22) (110 on file)
3. Voltage conversions on South Fork Road, and Nan Bishop Road were completed on May 6, 2025.

Right of Way:

1. Townsend is now working Munfordville – Priceville **85% Completed**
2. WM Kendall is working Jonesville – Seymour **60% Completed**

Compliance:

1. CDL Medical Certifications were completed on May 7, 2025
2. Fire Extinguisher Training for FRECC employees will be on May 15, 2025

Personnel:

1. Taylor Ogles began employment on April 29, 2025
2. Isaac Jones was promoted to Lineman on May 15, 2025.

Next, Mr. Jackson presented the monthly Member and Corporate Services report for April 2025. He reported:

Accounts Receivable

Number of bills mailed for the Month – 27,028

Energy Amount Billed (less taxes) - \$4,744,308

Aging Summary

Current Accounts Receivable	\$1,511,577
30-59 Days.....	\$ 218,945
60-89 Days.....	\$ 23,714
90-Over.....	<u>\$ 13,173</u>

Total Accounts Receivable-End of Month \$1,767,409

Collection Activity

Number of Delinquent Notices.....	3,533 in the amount of	\$ 721,526
Number of Cut-Off Notices.....	342 in the amount of	\$ 77,492
Number Subject to Disconnection....	295 in the amount of	\$ 69,347
Number Disconnected for Non-Pymt	139 in the amount of	\$ 30,377
Number of Disconnects Reconnected	117 in the amount of	\$ 25,764

Accounts Written Off and Subsequent Amounts Collected

In April 2025, twelve accounts were written off in the amount of \$ 3,902.26.

Mr. Jackson additionally reported that he met with some of the FRECC Commercial and Industrial customers last week to proactively discuss and field questions relating to the upcoming rate case.

For the next item of business, Caralyne Pennington, Director of Member and Public Communications presented her departmental report. She reported the following:

- FRECC received Scholarship registrations for each district. Submissions received were from:

District I – 39, District II – 18, and District III – 15

The winners below were selected via a random draw:

Addison McCoy – Glasgow
Emma Kate Smith – Glasgow
Brennan Griffin, Munfordville
Brody Hurt, Edmonton
Logan Boone, Magnolia

- The Veterans Honor Flight will take place on Saturday, August 23
- Participation in the Career Fair at Eastern Elementary, Hart county Senior Awards Night, and the Metcalfe County Chamber breakfast
- Coffee with the Cooperatives for Q4 is scheduled for October 3, 2025 at the Old School Café' in Edmonton

For the next item of business, a review of the Technology and Security report was given by President/CEO Mr. Moss. A portion of the Technology report revealed:

IT Projects

1. VDI Zero Client Pilot: Working with vendors to pilot new Zero Client devices as a replacement to existing devices. This will leverage a new protocol for communication, and will require testing to ensure compatibility with all hardware within our environment. Devices have been received for testing purposes. Fifty percent of these are currently in the testing phase. **Complete Timeline: June 2025**
2. Windows 11 migration: EoL for Windows 10 is October, 2025, which necessitates migration to Windows 11. Compatibility testing of software and hardware will need to be done to ensure a seamless transition. Currently in deployment phase. Ten percent complete. **Complete Timeline: October 2025**

Security Projects

1. Substation communication: Reengaged SCRTC to move forward with the ELAN project to each substation. We have sourced a vendor that will provide us with layer 2 encryptors to be used on each end of the communication path to encrypt traffic between substations and HQ. This will substantially reduce the overall operational cost of the communication infrastructure and provide a more secure and less complex SCADA/AMI implementation. This will also allow us to incorporate the Edmonton substation into SCADA. Final pricing has been received from SCRTC and have L2 encryptors enroute for testing. Currently in planning phase: **30% Complete; Timeline: July 2025**

OT Projects

1. Goodnight SCADA: The recloser controls at Goodnight have been replaced and our current means of SCADA communication will no longer work with the new recloser controls. We

are working towards a solution to resolve this issue that will be rolled out to other substations as these recloser controls are replaced. We have completed initial deployment of cables and communication configuration for the 651Ras and have begun SCADA configuration. Currently in deployment phase: **20% Complete; Timeline: June 2025**

Next, Mrs. Foushee provided directors with a monthly Human Resources report. She reported:

NEW HIRES FOR 2024/2025

	<u>HIRE DATE</u>
1. Mykal Cress (Engineering Intern)	01-02-2024
2. Abigail Nuetzman (Communication Specialist)	02-13-2024
3. Mykal Cress (Accepted Full time position as System Engineer 1)	06-10-2024
4. Katherine Dorsey (MSR)	06-11-2024
5. Mason Arms (Apprentice Lineman)	02-28-2025
6. Elijah Dile (Apprentice Lineman)	02-28-2025
7. Taylor Ogles (Apprentice Lineman)	04-29-2025
8. Doris McClurg (Member Service Representative)	05-12-2025

INTRODUCTORY PERIOD PERFORMANCE EVALUATIONS UNDERWAY

1. Mason Arms
2. Elijah Dile
3. Taylor Ogles
4. Doris McClurg

RESIGNATIONS

1. Isaiah Morgan – Lineman - Resignation Date: 01-24-2025
2. Christopher “Zeak” McIntyre – Resignation Date: 02-28-2025
3. Katherine Dorsey – Resignation Date: 04-04-2025
4. Kyle Coomer – Resignation Date: 04-25-2025

RETIREMENTS

None at this time

Following the review of the departmental reports, a motion was made by Mr. Faulkner, and seconded by Mr. Sexton, and was unanimously voted in the affirmative to approve the above listed departmental reports as information presented.

The next item of business was an overview of the first quarter, January-March 2025, RUS Summary of Construction given by Mrs. Phelps. Following review, a motion was made by Mr. Hawkins, and seconded by Mr. Smith that the report be approved and submitted to RUS for borrowing. The motion carried unanimously.

For the next item of business, Mr. Lester presented the Safety and Loss Control report. As part of this report, Mr. Lester noted that as of April 30, employees have accomplished 580,246.74 hours of work since having a Lost Time Accident.

Following these presentations, Mr. Lester, Mr. Jackson, Mr. Bishop, and Mrs. Pennington left the meeting.

The next item of business was a review of the 2024 IRS Form 990. Mrs. Phelps led the discussion. Farmers RECC is a tax-exempt corporation under 501(c)(12). The Form 990 is presented on a consolidated basis with Farmers RECC and its subsidiary, Farmers Energy Propane Plus. A cooperative that is exempt under 501(c)(12) must receive 85% or more of its income from its members. Mrs. Phelps reported that Farmers received 91.4% of its revenues from its members. Mrs. Phelps also discussed the Compensation of Officers and Directors report and answered questions about that section. Since Farmers Energy Service Corporation was dissolved in June 2018, Farmers RECC must now report and pay the federal taxes for Farmers Energy Propane Plus on the IRS Form 990-T. The tax liability for 2024 totaled \$71,319. Following a discussion, a motion was made by Mr. Smith and second by Mr. Sexton that the 2024 IRS Form 990 be approved as submitted. Motion carried unanimously.

Following this, Mrs. Phelps left the meeting.

The next item of business was the EKPC monthly report given by EKPC Director Randy Sexton, and President/CEO Representative, Toby Moss. A copy of this report is attached to these minutes, and made an official part thereof.

For the next item of business, Mr. Moss reported that the United Utility Supply board of directors have not met this month. A financial review of United Utility Supply was provided to the directors.

The next item of business was the KEC monthly report given by Mr. Faulkner, and President/CEO Toby Moss. It was reported that no meeting has been conducted during this time. The KEC board of directors meeting is slated for next Tuesday.

Next, Mr. Moss reported on his monthly President's Report, which included his upcoming scheduled meeting dates. A copy of the President's report is attached to these minutes, and made an official part thereof.

The next item of business was the Cooperative Attorney's report presented by Attorney Woodford L. Gardner, Jr. He provided an overview of the FRECC Nominating Committee meeting which was held on April 21st. Mr. Hawkins and Mr. Faulkner were both nominated by the committee. He noted that the Hart County (Munfordville) property has been recorded, and is closed. the Hart County property. A congratulatory message was given to Chairman London for being inducted into the Barren County Hall of Fame.

Next, was a review and consideration to approve the report of the 2025 FRECC Nominating Committee meeting. Following the review and discussion, a motion was made by Mr. Sexton, and seconded by Mr. Smith to approve the 2025 FRECC Nominating Committee report as presented. Motion carried unanimously.

The next item of business was a reaffirmation of FRECC Policy #150 - Appointment of Director Representatives to East Kentucky Power Cooperative & The Kentucky Association of Electric Cooperatives, and a revision made by staff to FRECC Guideline #500 – Employee Dress Code. Following the review and discussion, a motion was made by Mr. Martin, and seconded by Mr. Sexton to reaffirm FRECC Policy #150 as presented. The motion carried unanimously. FRECC Guidelines do not require board approval.

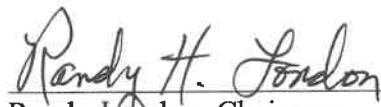
Next, a motion was made by Mr. Smith and seconded by Mr. Faulkner to go into Executive Session. Motion carried unanimously.

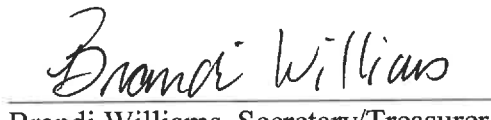
Upon return from Executive Session, Other Business discussed, was a discussion relative to the development of a timeline to consider for the annual CEO evaluation. Also discussed, was a motion made by Mr. Hawkins and seconded by Mr. Faulkner to name Mr. Sexton as the CFC and NCSC Voting Delegate for the June 30 CFC and NCSC Annual Meeting of Members to be held in New York, NY. The motion carried unanimously. No Alternate Voting Member was named, as Mr. Sexton will be the only attendee representing Farmers Rural Electric.

Additional agenda items to include for the June board of directors meeting were mentioned. The development of a CEO timeline document to be used as a guide for annual evaluations, and training with Mr. Lester relating to a recloser project.

Mr. Smith presented his opinion to the directors related to awareness of the financial constraints being required of the FRECC Management team attending conferences and asked to be mindful of their overall expenses while awaiting financial relief from the Kentucky Public Service Commission. Mr. Smith presented to the directors that the directors should respectfully follow suit. All agreed.

There being no further business to come before this meeting, Chairman London declared this meeting adjourned at 3:45 p.m.


Randy London, Chairman


Brandi Williams, Secretary/Treasurer