



BOARD MEETING SUMMARY

October 2024

2025 Right of Way Bidding Process Nearing Completion

Kevin Newton, President and CEO, informed directors during the October regular monthly board of directors meeting that the bidding process for 2025 right of way trimming is in the final stages.

Multiple contractors submitted bids on the over 800 miles of right of way scheduled to be cleared throughout the service territory in 2025. The bids awarded totaled approximately \$6.3 million which was slightly less than estimated. Contract language will be finalized soon, and the contracts will be executed following a final review during the November board meeting.

The enhanced right of way trimming is an aggressive 6-year plan adopted by SKRECC in 2023 and has contributed to noticeable reductions in outages along with decreasing repair times during weather related disruptions in service.

East Ky Power Contract Extension Discussed

Mr. Newton reported that during the recent EKPC monthly board meeting which he and Mr. Haynes, SKRECC's board representative to EKPC, attended, a discussion was held regarding extending the power contract terms past the original year of 2051 through 2068.

This extension, if agreed to by East Ky's 16 member co-ops, would provide them with security to borrow funds from RUS for EPA mandated upgrades to coal-fired electric plants and new construction of large solar farms.

Mr. Newton commented that he sees no issue with agreeing to the contract extension which is scheduled to take place during the first of next year.

CFO Discusses August Financial Numbers and Presents 2025 Capital Budget

Carrie Bessinger, Chief Financial Officer, reported that August's margin reflected a larger loss than budgeted by \$215k. She stated that part of this variance is \$95,000 worth of invoices from contractors for the May storm restoration which were received in August. Other expense items showing increases were transportation, labor, and associated overhead costs.

Residential operating revenues are right on budget with a slight increase. Large commercial revenue continues to show the largest variance and Mrs. Bessinger stated that she feels this account was inflated in the 2024 budget and plans to adjust it in the 2025 budget closer to historical numbers.

The cost of purchased power for August is under budget for the year by \$884 thousand and the average cost per kWh is down from the same time last year. Mrs. Bessinger commented that East Ky Power is projecting that next year's cost will be slightly lower.

Mrs. Bessinger presented the 2025 capital budget to the directors for their review, discussion, and subsequent approval at the November board meeting.

Monticello Property Sale Finalized

Frank Phillips, Board Counsel, reported that South Ky RECC closed on the sale of a tract of property located on Columbia Avenue earlier in the month. Proceeds from the sale were paid to the City of Monticello and applied to the loan financed when South Ky RECC purchased the Monticello Electric Plant Board.

Mr. Phillips thanked Mrs. Bessinger for her extensive work in securing the final paperwork from the multiple banks involved in the process.