



BOARD MEETING SUMMARY

January 2025

Directors Approve Power Contract Amendment with East Ky Power Co-op

President and CEO, Kevin Newton, informed directors that the current power contract with East Ky Power Co-op (EKPC) expires in 2051 and EKPC's sixteen member co-ops have been asked to extend their contracts through 2068.

Mr. Newton further commented that the extension, or amendment to the current contract, is seen as typical for generation and transmission co-ops when they are seeking to add units. Mr. Newton stated that the consensus is that all the co-op members will sign the extensions to their contracts with EKPC.

The board resolution approving EKPC Wholesale Power Contract Amendment 5 was approved unanimously by the SKRECC Board of Directors during the Action portion of the Discussion Agenda.

Newton Updates Board on Rate Case Proceedings

Mr. Newton informed directors that the rate case notice to members required by the Ky Public Service Commission will be published in the February edition of Kentucky Living Magazine.

The rate case set to be filed with the Ky PSC on February 3rd, will include a \$10.7 million, or 10.84% increase, affecting all residential accounts and take effect, if approved, later in 2025.

Board Approves 2025 Expense Budget Following Adjustments

The Board approved the 2025 Expense Budget following an overall 1% cut totaling \$394,00 to numbers which were first presented during the December board meeting.

In an effort to "lead by example," the directors noted a 16% decrease in the Board of Directors' expense budget from 2024 to 2025.

Warm November Results in Disappointing Financial Numbers

Carrie Bessinger, Chief Financial Officer, stated the November margin showed a \$1.4 million loss compared to a budgeted gain of \$331,000. The disappointing results can be attributed to mild weather and the fact that one of the large power accounts was shut down for half the month for equipment maintenance.

Mrs. Bessinger stated that November kWh sold totals 81.6 million compared to November 2023 with 89.6 million which is a significant reduction. Over \$5 million of this variance was in residential billings compared to \$3 million in large power accounts. Weather again played a key role in these shortfalls as evidenced by 20% fewer degree days in November compared to November of 2023. Mrs. Bessinger reported that year-to-date totals for 2024 kWh sold are ahead of 2023 by just over 38 million.

Year-to-date operating expenses are higher than budgeted by \$700 thousand and higher than the prior year by \$2.9 million. The difference in the year-to-date comparison is attributed to contractor right-of-way expenses, increased storm expenses, staff legal counsel, additional engineering and safety positions, routine wage increases, and other overtime.

Board Completes Annual Review of Director Compensation for 2025

Frank Phillips, Board Counsel, walked the directors through the completion of necessary paperwork and "housekeeping" measures to begin the new year.

The annual review of Board Policy 103 which outlines director compensation was completed by the Board along with each director signing individual Independence & Conflict of Interest documents for the year.

Directors unanimously approved Board Policy 103 with no changes which means that director compensation will not change for 2025.