



BOARD MEETING SUMMARY

March 2025

Board Members Participate in Safety Demonstration

During the March monthly meeting, directors and executive staff participated in a demonstration by SKRECC safety team staff Eric Chumbley, Director of Safety & Facilities; Brandon Wesley, Safety & Loss Control Manager; and Eric Bumgardner, Line Technician.

The group learned the importance of the proper use of PPE (personal protection equipment), witnessed the power of electrified lines, and gained understanding of the danger and hazards that line personnel face on the job each day.

Newton Recognizes 500,000 Hour Safety Milestone Accomplishment

Kevin Newton, President & CEO, informed directors that during the first week of March, South Ky RECC passed the 500,000 hours worked mark without a lost time accident.

Mr. Newton stated that this is a tremendous accomplishment and praised the employees for their hard work and attention to safety. This feat has only happened once before in the co-op's history during the past 20 years. The co-op is eligible for an award from the governor's office as well as from Federated Insurance.

Newton Updates Board on Rate Case Status

Mr. Newton reported that he and Carrie Bessinger, CFO, attended an informal conference with PSC and Attorney General staff in Frankfort on February 26th. Allyson Honaker, SKRECC rate case counsel, and John Wolfram, rate case consultant with Catalyst Consulting LLC, also attended the conference.

The conference went well with all the groups being able to ask questions and receive feedback. Staff have been busy responding to rate case data requests.

2025 Begins With Loss for the Month of January

Carrie Bessinger, Chief Financial Officer, reported that January's revenue from the record cold was \$18 million and higher than the budgeted total. Unfortunately, a 28% increase in power cost during the month resulted in \$2.8 million less in gross margins than expected. This variance is due to substantially more kWh purchased than budgeted; roughly 46 million more.

Mrs. Bessinger reported that all the other totals for January were pretty close to budget with only overtime figures being slightly higher than expected. Mrs. Bessinger commented that operating expenses were better than budgeted, and the loss of \$2.4 million for January can be attributed to power cost.

Mrs. Bessinger reported that next month's numbers which she expected to be favorable considering January's increased billings mostly received in February, will be offset by an extremely high Fuel Adjustment Charge (FAC) from EKPC. Mrs. Bessinger commented that she is still waiting for an explanation from East Ky Power regarding the increased FAC. Mr. Newton commented that this increased FAC could result in a sizeable increase on the average member's bill and that he and Mr. Haynes will find out more when they attend the EKPC board meeting next week.

Directors Looking for Ways to Cut Costs

Following lengthy discussion, the Board advised Mr. Newton to research ways to cut member billing costs by using paperless billing, combining multiple statements for the same member in one envelope, and combining billing cycles for members who have multiple accounts.

Mr. Newton will also look into reducing the number of monthly billing cycles as a cost-saving measure and what steps can be taken to reduce credit card fees paid by the co-op on payments made by members using credit cards.