



BOARD MEETING SUMMARY

September 2025

Re-Building Moving Forward; One-Story Plan Approved

On Thursday evening, September 10th, CEO Kevin Newton updated directors on the status of work which continues to progress on the replacement of the headquarters building destroyed by the May 16th tornado.

Mr. Newton reported that Federated Insurance approved D. W. Wilburn's "Do Not Exceed" cost, and he received notification via email. The Ky Public Service Commission was notified after the building loss that SKRECC was pursuing reconstruction. Mr. Newton reported that upon attorney's recommendation, the co-op will notify the PSC, within their requested 45-day update period, that Federated has approved the one-story design and construction plans are moving forward.

After some discussion, the directors agreed that Mr. Newton should reach out to Mrs. Honaker, SKRECC's attorney specializing in regulatory matters, to request an email stating the above. Directors also requested that Mr. Phillips review the final construction contract.

State and Federal Money Resulting in Added Pole Attachments

Mr. Newton reported to directors that billions of dollars in state and federal funding have been invested in extending fiber coverage to rural America. This act means that the co-op is currently in the process of adding 5,000 pole attachments during the next year with an estimated 3,000 more to come. There will also be approximately 2,000 pole changeouts to complete.

The fiber companies want this done by the end of February in order to meet their deadline of November of 2026. Fiber companies will cover the entire cost which is paid prior to any work being done.

SKRECC plans to use a subcontractor for the engineering portion of the work and task in-house employees to draw up the jobs. Due to the increased work, eight contract crews will be added to change the poles out.

July Revenues Continue Downward Trend

Carrie Bessinger, Chief Financial Officer, reported on the July financial report. Net margins for the month were a loss of \$909,000 compared to a budgeted loss of \$841,000. Comparatively, last year's July loss was \$754,000.

The cost of power was higher than the budget for July by 25%. We purchased 18% more kWh than expected at a 6% higher rate than budgeted. Mrs. Bessinger commented that July had more degree days, and she is optimistic that August revenue figures will reflect this.

Mrs. Bessinger plans to request a SKRECC-specific estimated rate from EKPC for the 2026 budget. The power cost estimate used last year was a median figure which EKPC provides to all of their member co-ops. Mr. Newton suggested that EKPC reps would be glad to attend a meeting and discuss power cost estimations with the Board.

Mrs. Bessinger reported that software expenses, employee travel for meetings and training, and equipment maintenance expenses are under budget by more than \$70,000. Expenses included in the income statement and related to the tornado, total \$1.7 million, the majority of which should be recovered through a combination of insurance reimbursement and FEMA assistance. Interest on long-term debt is higher than budgeted by \$64,000 for the year due to higher-than-expected interest rates.

Directors Review Cyber Incident Insurance Coverage

Due to recent cyber security breaches involving other businesses within the SKRECC service area, the Board directed Mr. Phillips to review the co-op's liability coverage in the event of a cyber incident.

Mr. Phillips reported that the current policy term ends in June of 2026 and does not allow for policy changes mid-term. More research will be done prior to the next renewal to determine if limits should be increased.