



BOARD MEETING SUMMARY

October 2025

Cliff Scott, East Ky Power CFO, Addresses Board

On Thursday evening, October 9th, Cliff Scott, Chief Financial Officer at East Ky Power Co-op, addressed the South Ky Board of Directors during the October meeting.

Mr. Scott provided information related to EKPC's current rate case, upcoming tariff changes, a cost-of-service study summary, and the fuel adjustment charge.

The directors had numerous questions for Mr. Scott related to the fuel adjustment charge (FAC), which is passed on to members through their monthly bill. Mr. Scott explained that the FAC is driven by fluctuations in coal and natural gas prices and that year-to-date (through July) costs were \$21.2 million above 2024 costs, with the most significant increase being to natural gas units.

Directors also questioned Scott concerning the power cost estimate provided to South Ky RECC last year for use in completing the 2025 budget and why the monthly cost of power constantly exceeds the budgeted number by a large amount. Mr. Scott commented that South Ky's lower load factor (more residential than commercial members) and the considerable number of seasonal members (those with summer homes, hunting/fishing cabins, and RV parks) contribute to the variance each month. Of EKPC's 16 member co-ops, those with non-fluctuating load factors provided by full-time residential and multiple constant commercial members, experience the least variance in their power cost bills.

Newton Shares Construction Update with Directors

Kevin Newton reported that Mr. Phillips, General Counsel, had reviewed the construction contract along with the addendums covering the demolition of building A and repairs to building B following the September board meeting.

Mr. Newton also stated that Federated Insurance has verified that the general contractor has agreed to the "not to exceed" amounts for the rebuild and repairs to existing structures

Credentials & Elections Committee Submits Recommendations For 2027 Director Election

Jay Jones, Chair of the Credentials & Elections Committee, corresponded to the Board that the committee met in August to discuss any concerns raised during and after the 2025 director's election.

The committee requested the directors consider the following recommendations for the 2027 director election. (1) Emphasizing to candidates that they must abide by all state and local laws when placing campaign signs. (2) Employ a third party to conduct the in-person voting at the district and headquarters offices. (3) Request a reconfiguration of the actual voting screen to provide a larger "button" for each candidate's name to help eliminate voter touch errors. (4) Electing board members by district rather than holding at-large (co-op wide) elections.

Directors agreed to discuss the recommendations further in executive session and made no decisions regarding the election. No election is scheduled for 2026, and directors will decide what action, if any, to take later in the year.

August Revenues Show Welcome Gain

Carrie Bessinger, CFO, reported that net margins for August showed a gain of \$868,000. Margins for the same month in 2024 were a loss of \$299,000. She commented that July's hot temperatures were finally captured in our revenue for August while the cost of power was closer to the budget and prior year, providing us with a gross margin of 34% for the month.

Operating expenses were 10% lower than budget and 11% lower than prior year. Right of way clearing is behind schedule and therefore, expenses are below budget for the month by \$410,000. One vendor is running behind schedule and probably will not meet contract deadlines.

Cost of power was higher than the budget for August by 3%. Compared to 2024, total power cost was almost the same, however we purchased 2% fewer kWh at a 2% higher rate.