



## **Newton Updates Board on Delayed Building Repairs**

CEO Kevin Newton informed the board of directors that work is proceeding as scheduled on the new headquarters building. The poured exterior walls are almost finished along with the interior “hardened” areas for dispatch and the IT center. The plumbing is roughed in and we are being told by the contractor that the building will be completed in early November.

Repairs to the warehouse facility have been slightly delayed and the original completion date has been pushed out to mid-March. Most of the drywall has been finished in the office area and the plumbing is roughed in.

Mr. Newton responded to directors’ questions regarding the oil containment barrier which was placed on the east parking area following the tornado. It was placed in the event we had to store transformers on the lot outside the warehouse, and we did not have to do that. Mr. Newton reported that once the buildings are repaired, a decision will be made on what to do with the barrier.

## **Directors Complete Annual Independence & Conflict of Interest Policy and Review of Compensation Policy for 2026**

Frank Phillips, SKRECC General Counsel, assisted the directors in their completion of necessary “housekeeping” items for the new year.

Directors signed necessary confidentiality forms and reviewed Board Policy 103 “Compensation and Expense Reimbursement of Directors”. Upon a motion duly made, seconded, and unanimously approved, the Board elected that no changes would be made to the compensation policy for the upcoming year.

In February, directors will complete their annual Self and Peer-To-Peer Evaluation forms which will be compiled into a report by Mr. Phillips and summarized to the Board at the March regular meeting.

## **Directors Approve Revised 2026 Operating Expense Budget**

Following the presentation of the 2026 Operating Expense Budget during the December monthly meeting, directors requested that Mrs. Bessinger revisit the Board’s expense items and implement cuts amounting to around 15% of their total projected expenditures for next year.

Mrs. Bessinger presented the revised budget during the meeting and the Board of Directors voted unanimously to approve the 2026 Operating Expense Budget.

## **November Financials Continue To Trend Positively**

Carrie Bessinger, CFO, reported that net margins for the month of November were a gain of \$1 million compared to a budgeted gain of \$53,000. Margins for the same month in 2025 were a loss of \$1.4 million. Revenue numbers for the month include \$766,000 previously removed and set aside for potential rate refunds.

Operating expenses were 13% lower than budget and 11% lower than prior year mainly due to engineering contract work for pole attachments being billed to telecommunications companies and various other cost reductions.

Net margins for the year were a loss of \$153,000 compared to a budgeted gain of \$88,000. The largest year-to-date variance was in operating revenue and cost of power for a reduction in gross margin of \$2.3 million compared to budget. Year-to-date gross margin was \$4.3 million higher than the prior year.

Expenses included in the income statement and related to the tornado total \$1.8 million. With FEMA assistance, 87% of this expense is expected to be recovered, though likely not until 2026. Right-of-Way clearing expenses are lower than budget by \$1.2 million and lower than prior year by \$1.8 million. Software expenses, contractor charges for pole inspections, employee travel for meetings and training, and equipment maintenance expenses were each under budget by more than \$130,000.