



Newton Discusses Plans for New Warehouse in Monticello

During the March 12th board meeting, CEO Kevin Newton provided revised plans for the Monticello warehouse building for the directors to review. The initial design was updated slightly, adding shower access to the restrooms. The design for the 30' x 50' facility will be on one grade to allow trucks to pull through the building. Used mostly for materials storage, it will also feature a washing bay and office space for a manager. A meeting with a site prep team will be set to discuss how the new building will be positioned on the existing lot.

Mr. Newton plans to move forward with requests for bids using the updated design. The construction will be funded through proceeds from the June 6th auction of acreage which the co-op owns in Pulaski County. The 60+ acre farm, located on West Highway 80, was used by the co-op in the past to hold annual meetings.

Newton Gives Directors Preview of PR Communication Plan

Mr. Newton distributed copies of a PR communication plan in response to the negative social media storm after the January ice storm/prepaid billing issue. Mr. Newton summarized a discussion he had with Kentucky Electric Cooperatives staff and representatives from Run Switch, a Louisville PR firm, and informed directors that the plan is a culmination of print and video put together to help educate members and counter the misinformation being posted.

Mr. Newton added that a live view of the information page, a key part of the plan, was created by Morghan Blevins, Communication Administrator, and will be posted on the co-op's website the next day. It will also be shared on social media.

Mr. Newton also informed directors that KEC is editing a video in which Mr. Newton explains some of the things which occurred with members' high bills. Plans are to use the video on social media and the SKRECC website.

Projected Headquarters Building Completion Dates

Mr. Newton reported that construction at the new headquarters is currently on track to be completed by the contractor's deadline of November 1st.

Repairs continue on the existing warehouse structure (building B) with the last roof panels scheduled to be installed soon. The office area is to be completed April 6th; a delay from the original mid-March projection.

Directors agreed to schedule a future date to walk through both locations to see the construction and ongoing repairs. Directors also requested Mr. Newton look into holding an open house in the new headquarters building for members and retired co-op employees.

2026 Begins Financially Positive

Carrie Bessinger, CFO, reported that net margins for January were a gain of \$1 million compared to a budgeted loss of \$206,000. These monthly margins include unbilled revenue to members of \$2.9 million. Margins without this unbilled revenue were a loss of \$1.9 million compared to the prior year loss of \$2.5 million.

Total operating expenses were higher than both the budget and prior year because of the unexpected costs related to the ice storm. The total cost through January 2026 for expenses related to Fern total \$1 million and Bessinger added that expenses through today are \$2.5 million.

The January 2026 power cost included a fuel adjustment credit and a large environmental surcharge pass-through resulting in an average rate of \$0.089 compared to the budgeted \$0.090.

Phillips Delivers Self and Peer-to-Peer Evaluation Summary

Frank Phillips, General Counsel, distributed copies of the summary which he compiled from the directors completed evaluations. Mr. Phillips commented that the average score was 4.42 for all questions, which is an increase over the 4.28 average shown for 2025 and that there were no extreme outliers.