

REGULAR BOARD OF TRUSTEES MEETING

The regular monthly meeting of the Board of Trustees of The Caney Valley Electric Cooperative Association, Inc., was held Tuesday, March 9, 2021, at Cedar Vale, State of Kansas, at 7:00 p.m.

The meeting was called to order by President, Kenneth Bates, who acted as chairman and presided at the meeting. Kitty Sweaney, Accounting & HR Manager, recorded the minutes thereof.

Upon calling the roll, the following Trustees reported as present:

Kenneth Bates	Stephanie Ollenborger	Steve Clark
Don Land	Alex Fulsom	Dan Hubert
Dale Steward	Chris Kelly	Charles McMillan

Others present for the meeting were Allen A. Zadorozny, Manager, Marla Ware, Attorney, Craig Lampson, and Kitty Sweaney. Trustee Alex Fulsom and Counsel Ware participated via Zoom due to ongoing COVID-19 concerns. Chairman Bates declared the meeting duly organized for the dispatch of such business as might come before it, and opened with a prayer and the flag salute.

Consideration was given for requests for changes to the Agenda or for any executive sessions. Allen Zadorozny asked to add KEPCo power cost update following Agenda item #15.

The next order of business was review of the minutes of the regular board meeting of February 9, 2021. It was moved by Dan Hubert, seconded by Charles McMillan, and unanimously carried, that the minutes be approved as mailed.

The Board then considered the new membership list. After review and on motion by Chris Kelly, second by Steve Clark, it was unanimously carried to approve the new members as presented.

The Board reviewed the January expenditures. It was noted the payment to SEDC included annual support fees for 3 different applications we use. The check to NRECA included annual dues.

Old accounts in the total amount of \$775.39 were presented for consideration. It was moved by Dan Hubert, seconded by Chris Kelly, and unanimously carried, to turn these over for collection as presented.

The Board reviewed the Operations, Loss Control & Safety Report including accidents, new consumers' line extensions, outages, safety meeting minutes, and transportation. Craig Lampson reported on some prospects for new services. It was moved by Don Land, seconded by Charles McMillan, and unanimously carried, to approve the safety meeting minutes as presented.

Counsel Ware updated the Board on the status of the collection effort on a large account. We should be able to get a default judgment if no response is received after a set time frame following proper collection procedures.

Allen Zadorozny reviewed the January financial statements. Due to larger revenues and decreased operating expenses, there was a month-end margin of \$84,302. There is still over \$1,000,000 in cash, and

another \$25,000 payment was made against the CoBank line-of-credit. The long-term debt-to-assets ratio is still around 43%. Zadorozny compared actual revenues and expenses against budget and the previous two years, and reviewed the cash receipts and expenditures. The KEPCo power bill was reviewed, and Zadorozny reported that KEPCo plans to recover the increased power costs from the February lengthy cold temperatures through their ECA on the power bill. They voted to cap the ECA at 3.3¢ for now, but they will not know the end effect of the cold temperatures for another 120 days. The increased costs will be recovered by the cooperative through the PCA on our billings to our members, and may continue over several months. Zadorozny also reviewed the right-of-way clearing expenses.

Following a question last month on the revenue lost due to line loss. Zadorozny presented a breakdown showing that approximately \$775,240 was lost in 2020 due to line loss.

Zadorozny presented information on the February 2021 net metering accounts.

Chris Kelly presented information on applying for a Paycheck Protection Program forgivable loan, funds for which were included in the federal COVID-19 stimulus plan passed around Christmas last year. Caney Valley could apply based on 2019 payroll and related eligible expenses, for 2.5 times the average monthly cost, which amounts to approximately \$392,000. He felt that receipt of these funds would help the cooperative and all of our members, and recommended that application be made for these funds. If for some reason the loan ends up not being “forgiven,” the interest rate is only 1%. Application could be made through our local bank. Kelly and Counsel Ware both disclosed that they are on the board of said bank, but neither is an owner or would profit as a result of the loan application being approved. After discussion of the program, it was moved by Steve Clark, seconded by Dale Steward, and unanimously carried, with Chris Kelly abstaining, to authorize Allen Zadorozny to proceed and sign any necessary documents related to applying for the PPP loan between now and the next regular board meeting in April. It was recommended a separate account be set up to track receipt of these funds and related expenditures, in the event it is not forgiven and has to be paid back.

Allen Zadorozny presented information on CoBank’s 2021 Sharing Success program. They will start accepting applications on April 1. The Board was asked to consider any possible charitable organizations in our area they would like to see receive funding for community projects.

Discussion was held on discontinuing the Parallel Generation Rider rate, which has been in effect since 2010. The cooperative has never had any members on this rate. After discussion, it was moved by Chris Kelly, seconded by Dan Hubert, and unanimously carried, to discontinue this rate effective immediately. The Board was also asked to consider deleting the reference to the Net Metering Rider that is currently included in the Parallel Generation Rider – Renewable Generation (PGR-RG) rate, since the net metering has been discontinued. After discussion, it was moved by Chris Kelly, seconded by Don Land, and unanimously carried, to delete the wording “...and meets the requirements and accepts all of the obligations of this Net Metering Rider...” in the PGR-RG rate.

Policies #400, #401, #402 and #403 were presented as reviewed by staff with no suggested changes. After discussion, it was the consensus to show that these were also reviewed by the Board with no changes.

Manager Zadorozny advised that Caney Valley’s annual meeting is tentatively set for August 5th at the Cedar Vale schools, pending any COVID restrictions that may be in place at that time.

He then updated the Board on employee COVID issues. Several employees took their second COVID shots on February 18th.

Zadorozny gave an update on KEPCo’s power costs, adding that we are interested in putting something in our next newsletter regarding the power bills over the next few months as a result of the prolonged frigid temperatures in February. Mark Doljac at KEPCo assisted in preparing a written statement to our members.

The Margin Stabilization Adjustment (MSA) is still in effect, but the additional power costs will be charged through KEPCo's Energy Cost Adjustment (ECA), with a current cap of 3.3¢/kWh. This will help our members to not have any excessive billings as we are hearing about in other states.

Chris Kelly reported that the KEC committee and board meetings will be held this Thursday. He added that he dialed in to the NRECA annual meeting last week.

Dan Hubert reported on the recent KEPCo meetings held February 18 and 25. He noted that the SPP had never done a load shedding in their 82 years of existence, but had to do so in February due to the demands on the electric grid. There was no wind energy available during the period. Wolf Creek and Iatan II ran great, and they also ran the Sharpe station through the cold. Wolf Creek is scheduled for refueling in March. He noted that the full energy costs for February will not be known for 120 days. The KEPCo board voted to split out the energy cost increases over several month, and KEPCo staff agreed to do so.

The following January 2021 Inventory of Work Orders was presented for consideration: #867 for \$57,646.40. It was moved by Chris Kelly, seconded by Dan Hubert, and unanimously carried, to approve this Work Order as presented.

Don Land, Steve Clark, and Chris Kelly reported on their committee meeting for the leadership conference and scholarship recipients. There were 8 different schools represented in the 18 scholarship applications. The committee decided to award 9 scholarships, with an anonymous donor covering the two scholarships over what policy provides. There were 3 leadership conference applicants, and as KEC will allow all 3 to participate in the virtual program, it was decided by the committee to approve all 3 students for the conference.

There being no further business to come before the Board, it was moved by Steve Clark, seconded by Dale Steward, and unanimously carried, to adjourn the meeting at 9:27 p.m.

ATTEST:

/S/ Kenneth W. Bates, President

/S/ Chris Kelly, Secretary