

**OWEN ELECTRIC COOPERATIVE
REGULAR BOARD MEETING
July 27, 2023**

PRESENT The regular meeting of the Board of Directors of Owen Electric Cooperative, Inc., was held at the Headquarters Building in Owenton, Kentucky, on July 27, 2023. All Directors were present, along with: Mike Cobb, Teresa Hamilton, Mike Stafford, Jim Petreshock, Brian Jones, Jennifer Taylor, Christel Buffin, and Attorney James M. Crawford.

**CALL TO ORDER,
PLEDGE OF ALLEGIANCE
AND INVOCATION**

The meeting was called to order, and the Pledge of Allegiance and invocation were given by John Grant and Mike Cobb, respectively.

ADOPTION OF

AGENDA Upon a motion by Richard Messingschlager, second by Charlie Richardson, the Board voted unanimously to adopt the July 27, 2023, Board Meeting Agenda as presented.

MINUTES

APPROVED Upon a motion by Hope Kinman, second by Alan Ahrman, the June 29, 2023, Regular Board Meeting Minutes were approved as submitted.

SAFETY

MOMENT Jennifer Taylor gave the safety moment on the dangers of lyme disease and other tick related diseases.

NEW

EMPLOYEES Abbye Young, Heather Perkins, John Hurley and William Clark were introduced to the Board.

MEMBER

CONCERNS None.

NEW MEMBERS

ACCEPTED The Directors then reviewed and accepted the listing of 488 New Members.

**REVIEW OF LISTING OF
TERMINATED ACCOUNTS**

The Directors then reviewed and accepted as information a listing of the terminated accounts for the month.

**REVIEW OF PRESIDENT'S CONSULTANT'S AND DIRECTORS'
EXPENSES**

The Directors then reviewed and accepted as information a listing of June expenses incurred by the President, Consultant and Directors.

UNCOLLECTIBLE WRITE-OFFS AND CAPITAL CREDIT PAYMENT

The Board reviewed 60 member write-offs of \$17,076.49.

The Board reviewed payment of \$31,586.93 in Capital Credits.

Upon a motion by Eddie McCord, second by Bob True, the Board voted unanimously to approve the Uncollectible Write-Offs and Capital Credit Payments.

PRESIDENT/ CEO REPORT

Mike Cobb presented the CEO Report for the month of July, 2023, in accordance with the summary attached hereto and made a part of these minutes.

Heating/Cooling Degree Days - Cobb advised that 2023's mild weather continues to effect electric sales. June 2023 had 36.1% fewer Cooling Degree Days compared to June 2022

CFC's Key Trend Analysis – Cobb compared Owen's system to peer groups for the Board's consideration.

NRECA Advocacy - Cobb discussed the importance of the NRECA Advocacy Group with the Board.

ACCOUNTING

Teresa Hamilton presented the Accounting report for June in accordance with the summary attached hereto and made part of these minutes. Teresa reported margins of negative \$10,424.52 in June of 2023 and year-to-date margins of \$1,687,649.49 compared to \$3,486,630.19 year-to-date last year. Teresa reported the cost of power in May was 84 cents of every dollar of revenue. Teresa explained the increased cost of power was due to the impact of coal prices.

MEMBER SERVICES

Mike Stafford presented the Member Services report for the month in accordance with the summary attached hereto and made part of these minutes. Mike reported accounts billed for the month of June, 2023, of 66,062 compared to 65,175 for the same period last year. Mike reported that 52 coop members have licensed 259 panels through the cooperative solar at EKPC. He advised 155 coop members participate in Envirowatts. Mike advised that EKPC's EV Home Charging Pilot Program was approved by the PSC on July 1st. The Coop and several of its' members are interested in this program.

HUMAN RESOURCES

Mike Cobb presented the Human Resources report for the month of July, 2023, in accordance with the summary attached hereto and made part of these minutes. Mike reported the Coop has gone 139 days as of July 27, 2023, without a lost time injury. Mike reported the Coop currently has 125 employees. Mike updated the Board on staffing and the medical plan.

OPERATIONS

Brian Jones presented the Operations report for the month of July, 2023, in accordance with the summary attached hereto and made part of these minutes.

TECHNOLOGY

Jim Petreshock presented the Technology report for the month of July, 2023, in accordance with the summary attached hereto and made part of these minutes.

ENGINEERING

Jennifer Taylor presented the Engineering report for the month of July, 2023, in accordance with the summary attached hereto and made part of these minutes.

EKPC REPORT

Alan Ahrman gave the July, 2023, EKPC Board meeting report in accordance with the summary and minutes of said meeting prepared by EKPC staff. The actual summary and minutes cannot be attached to these minutes because of the terms of a Confidentiality and Non-Disclosure Agreement EKPC has required the coop's director representative and CEO to sign before being allowed to attend said meetings.

KEC REP.

Rick Messingschlager gave the May and June 2023, Kentucky Electric Cooperative (KEC) meeting report(s) in accordance with the summary and minutes of said meeting attached hereto and incorporated herein by reference.

ATTY. REP. James M. Crawford reported there was no new litigation for the month.

TRAINING/MEETINGS

KEC Annual Meeting - August 7-8, 2023

OEC Regular Board Meeting - August 31, 2023

OEC Regular Board Meeting - September 28, 2023

NRECA Regional Meeting - October 11-13, 2023

OEC Regular Board Meeting - October 26, 2023

OEC Regular Board Meeting - November 16, 2023

OEC Regular Board Meeting - December 21, 2023

OEC Regular Board Meeting - January 25, 2024

OEC Regular Board Meeting - February 29, 2024

NRECA Power Xchange - March 1-6, 2024

OEC Regular Board Meeting - March 28, 2024

NRECA Directors Conference - April 6-9, 2024

NRECA Legislative Conference - April 21-24, 2024

OEC Regular Board Meeting - April 25, 2024

CONFERENCE

REPORTS None.

OLD BUSINESS

None.

NEW BUSINESS

None.

**EXECUTIVE
SESSION**

On a motion by Charlie Richardson, second by Hope Kinman, the Board voted unanimously to enter executive session at 11:25 a.m. to discuss a personnel matter.

On a motion by Rick Messingschlager, second by Eddie McCord, the Board voted unanimously to exit executive session at 11:40 a.m.

MISCELLANEOUS

None.

ADJOURN

Upon a motion by Hope Kinman, second by Charlie Richardson, the Board voted unanimously to adjourn the meeting.



Chairman



Secretary

REGULAR BOARD MEETING

JULY 27, 2023



- Directors Present/Absent
- Call to Order/Pledge of Allegiance/Invocation



Agenda & Minutes

- Adoption of Agenda (Tab 3)
- Approval of Minutes of Previous Meeting (Tab 4)

Safety Moment

Jennifer Taylor

New Employee Spotlight



Abbye Young-Member Service Representative
Heather Perkins-Member Service Representative
John Hurley-Field Service Representative
William Clark-Joint Use Coordinator



Review/Discuss Member Compliments and/or Concerns

Review Agenda

- Review New Members: 488
- *(Listing on Board Table & in Board Paq)*
- Review Listing of Terminated Accounts:
- 267 Members at \$33,887.13
(Listing on Board Table & in Board Paq)

Review of President's, Directors' and Consultant Expenses

- Approve Uncollectible Member Write-offs:
60 Members at \$17,076.49
(Listing on Board Table and in Board Paq)
- Approve Payment of Capital Credits: \$31,586.93
(Tab 11)
- Approval of Consent Agenda Items
 - Motion _____
 - Second _____



President/CEO Report

July 27, 2023

Board Meeting



President's Report Topics

Heating/Cooling Degree Days - 2023's mild weather continues to effect electric sales. June 2023 had 36.1% fewer Cooling Degree Days compared to June 2022

CFC's Key Trend Analysis – Owen's system compared to peer groups

NRECA Advocacy - Founded in 1966, America's Electric Cooperatives PAC (formerly ACRE®) is the federal political action committee (PAC) of the nation's electric co-ops. NRECA's PAC supports political candidates who will speak for and protect the interests of electric co-ops and their consumer-owners.



Weather Continues To Effect Electric Sales

COOLING & HEATING DEGREE DAYS

Recorded at Cincinnati/Northern Kentucky International Airport

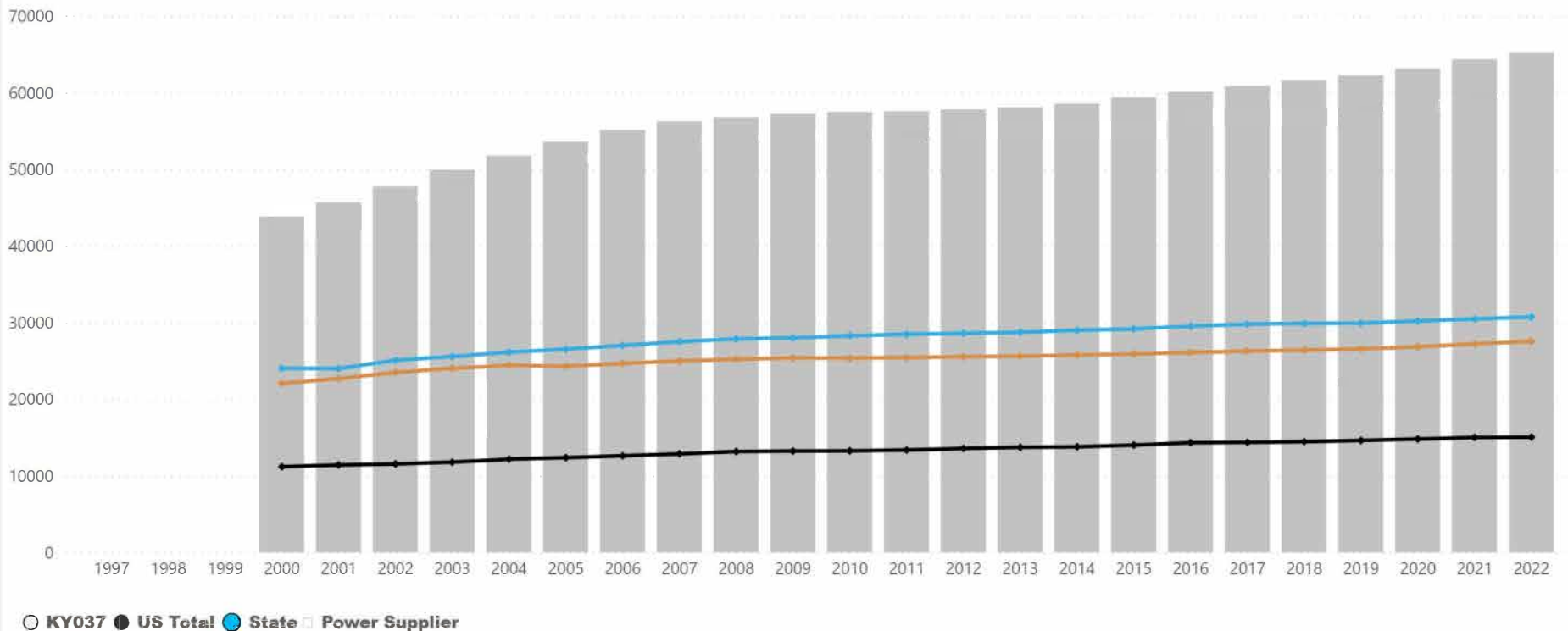
Month	Cooling Degree Days					Heating Degree Days					Average Temperature (Degrees F)				
	NOAA				% Above	NOAA				% Above	NOAA				Degrees
	Normal	2022	2023	2024	or Below	Normal	2022	2023	2024	or Below	Normal	2022	2023	2024	Above
	1991-2020	2023	2024	Normal	Previous Year	1991-2020	2023	2024	Normal	Previous Year	1991-2020	2023	2024	Normal	Year
May	90	127	63	-29.8	-50.4	118	50	108	-8.3	116.0	64.1	67.5	63.5	-0.6	-3.9
June	233	285	182	-21.8	-36.1	13	0	6	-52.0		72.3	74.5	70.9	-1.4	-3.6
July	340	417				1	0				75.9	78.5			
August	309	318				2	0				74.9	75.3			
September	146	155				53	52				68.1	68.4			
October	23	3				296	295				56.2	55.6			
November	1	2				617	577				44.4	45.8			
December	0	0				911	909				35.6	35.7			
January	0	0				1,043	818				31.4	38.6			
February	0	0				847	622				34.7	42.8			
March	3	0				664	651				43.6	44.0			
April	16	12				328	322				54.6	54.7			

During June 2023, there were 21.8% fewer cooling degree days than normal; temperature was 1.4 degrees cooler than normal.

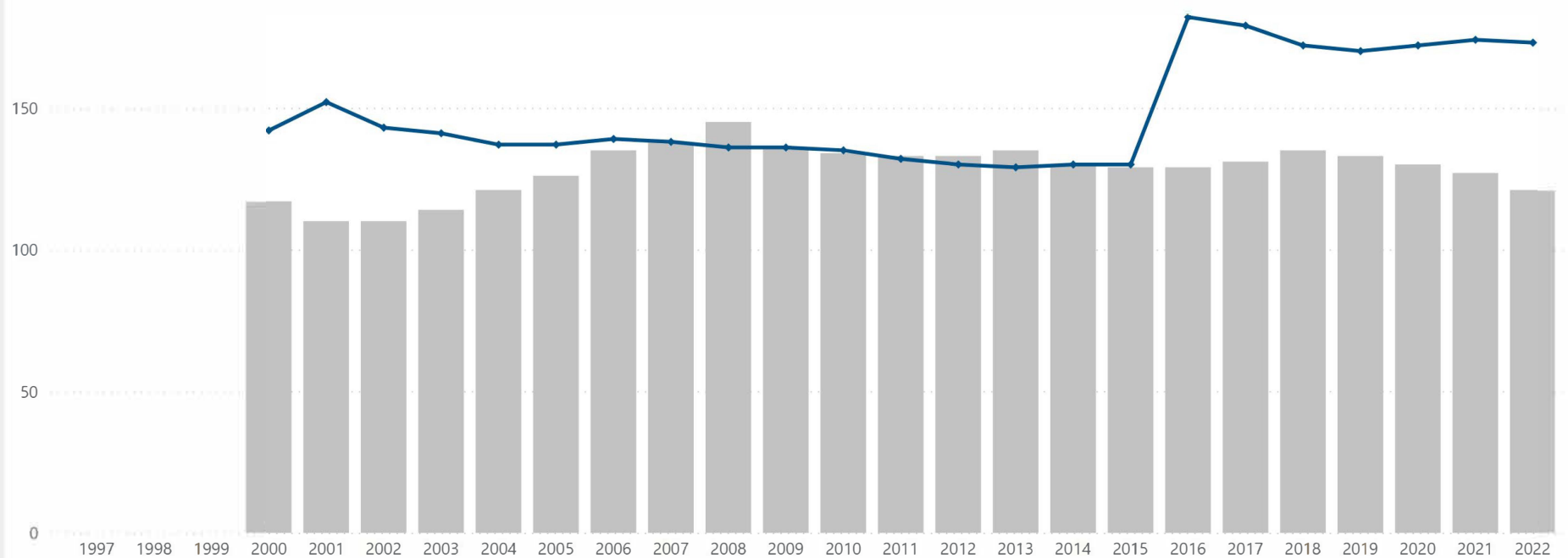
During June 2023, there were 36.1% fewer cooling degree days than last year; temperature was 3.6 degrees cooler than last year.

Prepared by: East Kentucky Power Cooperative, Power Supply Analytics, Jacob Watson, 859-745-9264

1 - Average Total Consumers Served

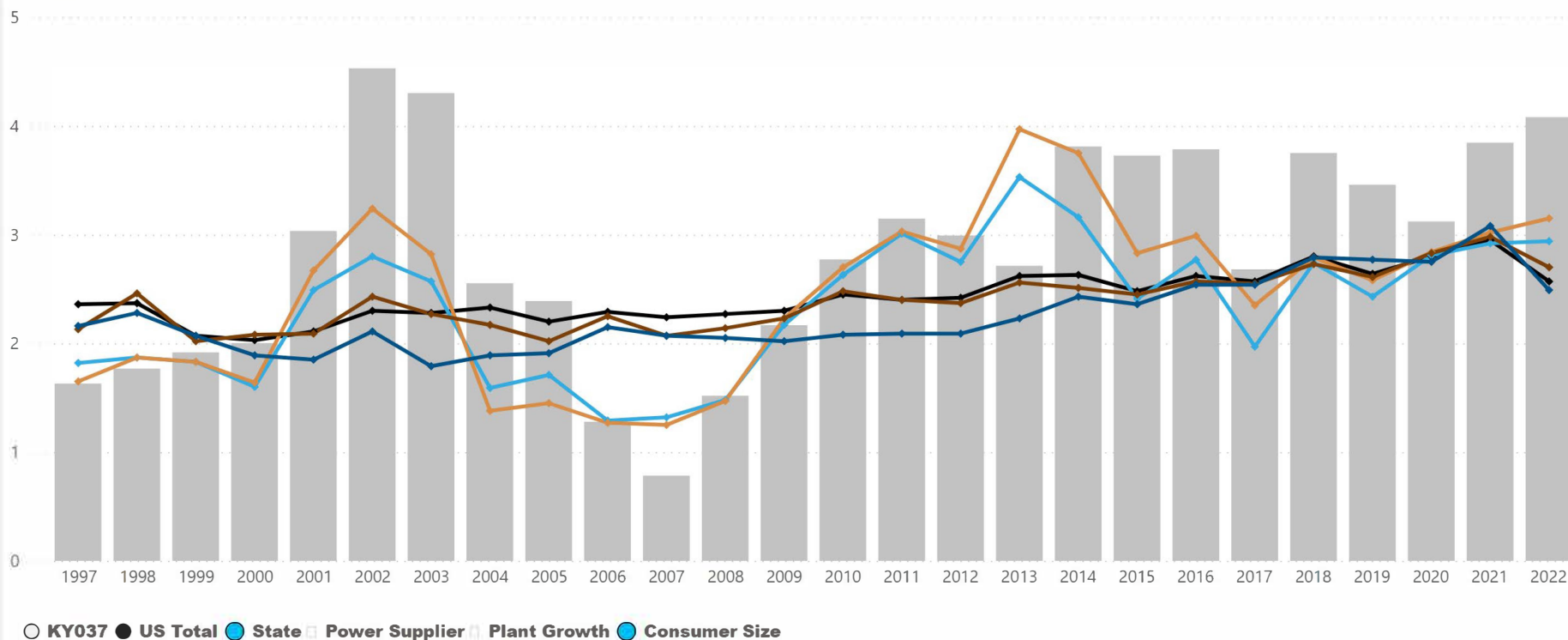


4 - Total Number of Employees (Full Time Only)

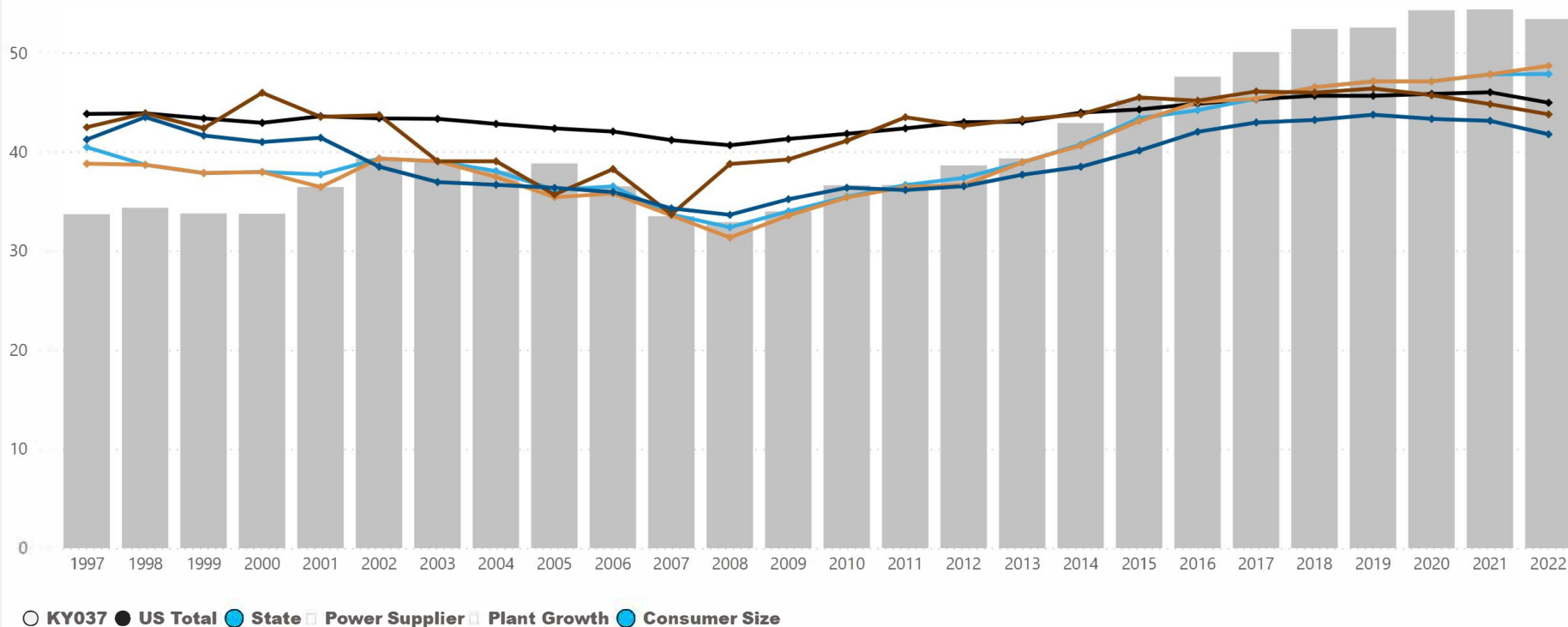


○ KY037 ● Consumer Size

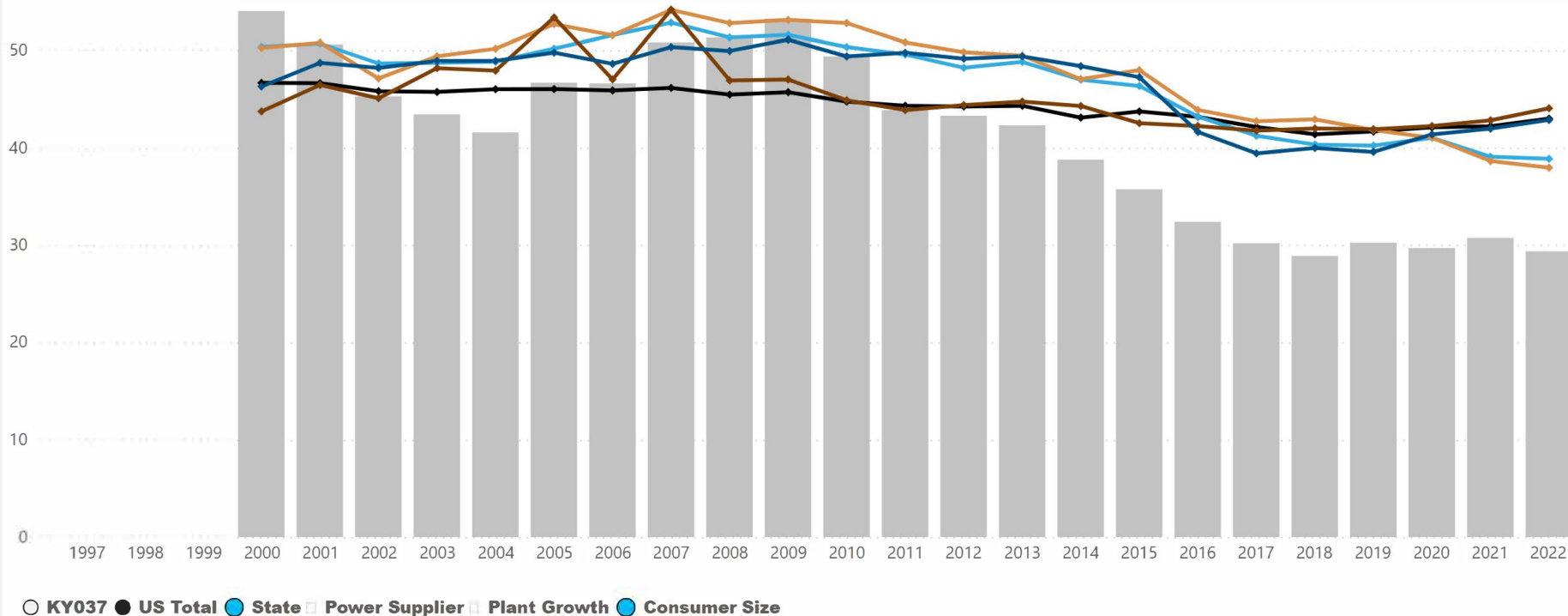
6 - TIER



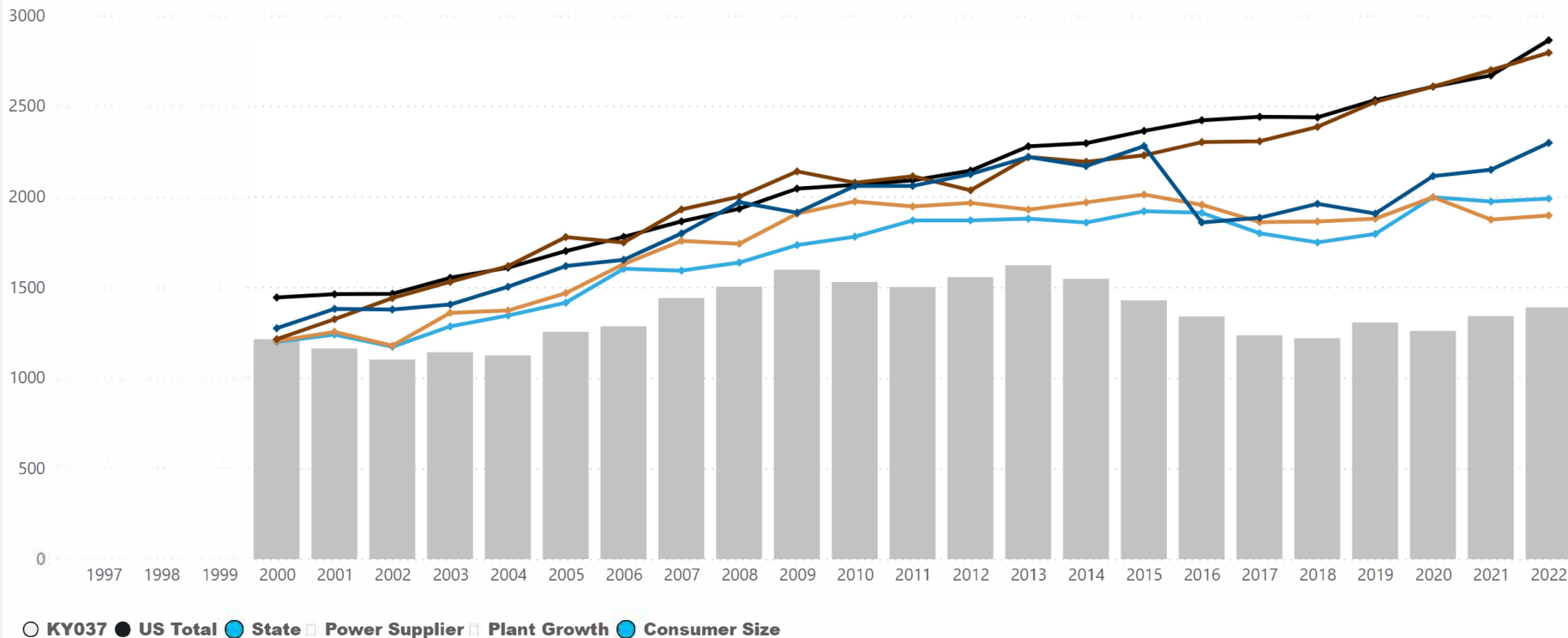
16 - Equity as a % of Assets



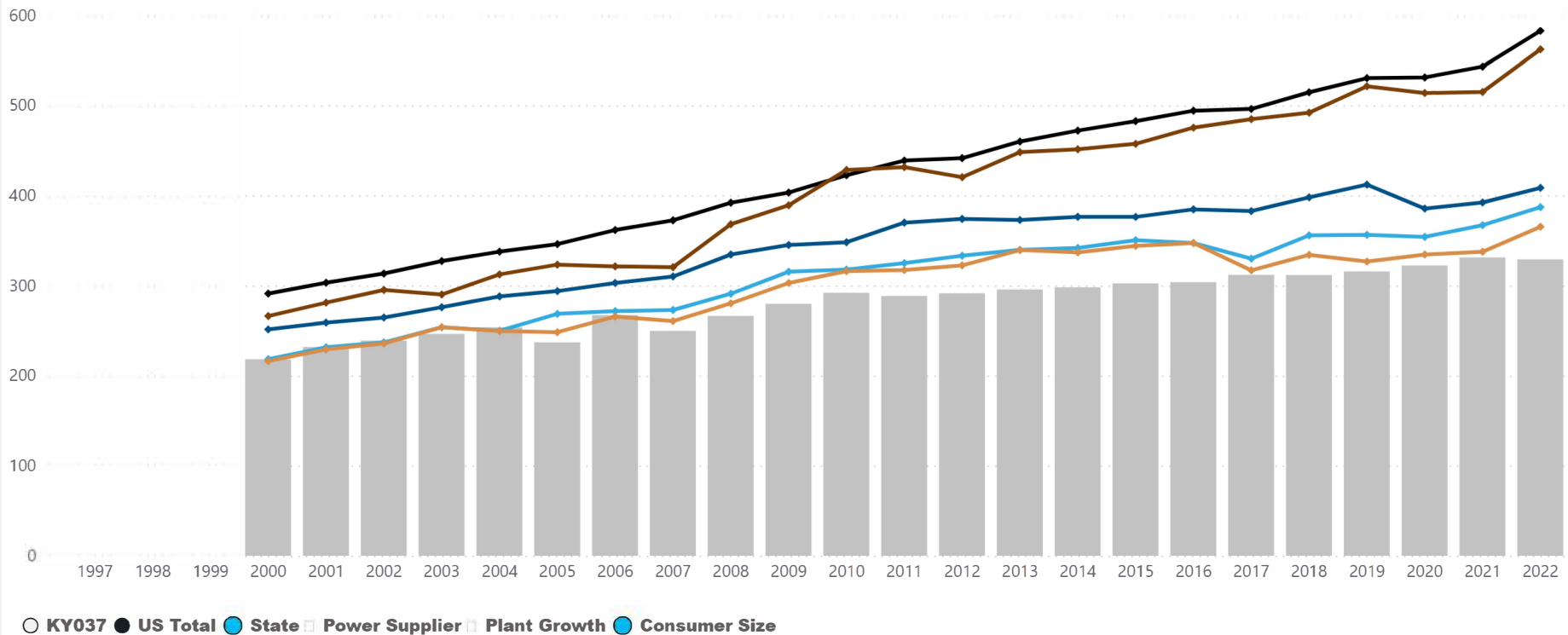
19 - Long Term Debt as a % of Total Assets



21 - Long Term Debt per Consumer (\$)

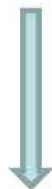
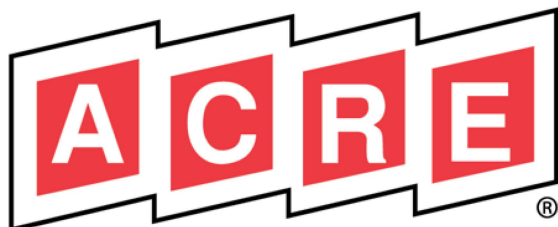


87 - Total Controllable Expenses per Consumer (\$) (same as ratio #104)



OWEN Electric

Strengthening & Unifying NRECA's Advocacy



**America's Electric
Cooperatives | PAC**

Accounting Updates

Board Meeting
July 27, 2023

 OWEN Electric

A Touchstone Energy Cooperative 



Accounting Department

Board Report

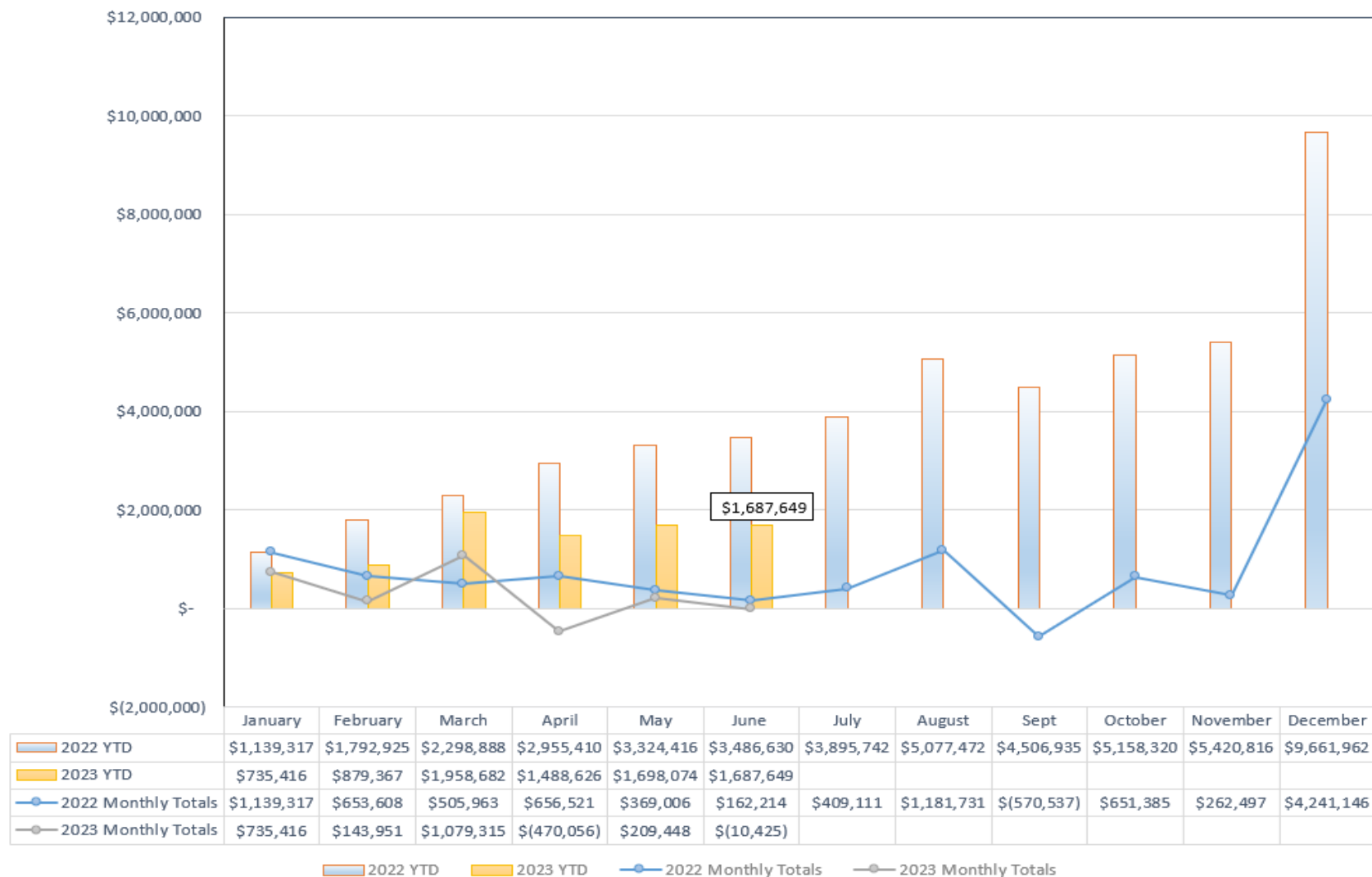
July 27, 2023

- ✓ June Financials
- ✓ Temporary Investments
- ✓ Accounts Payable Internal Audit
- ✓ CFC Financial Forecast
- ✓ Cost of Service Study Agreement signed (part of strategic plan for 2023)

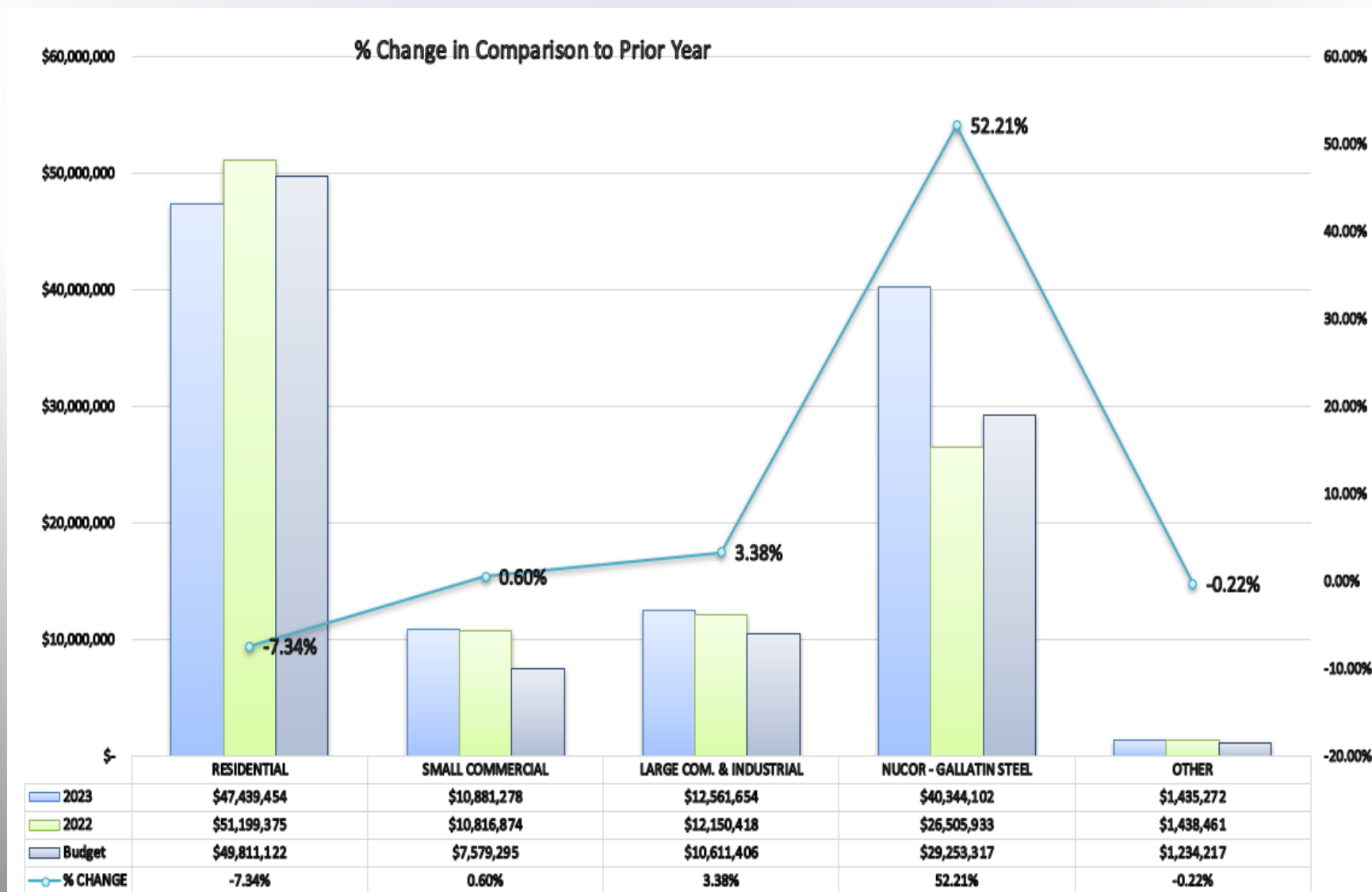
- ☐ FEMA filing
- ☐ Employee Retention Credit
- ☐ Financial Forecasts with CoBank
- ☐ Internal Audits being conducted for payroll and human resources

Month to Month and YTD Comparison with YTD amount posted for 2023

Net Margins

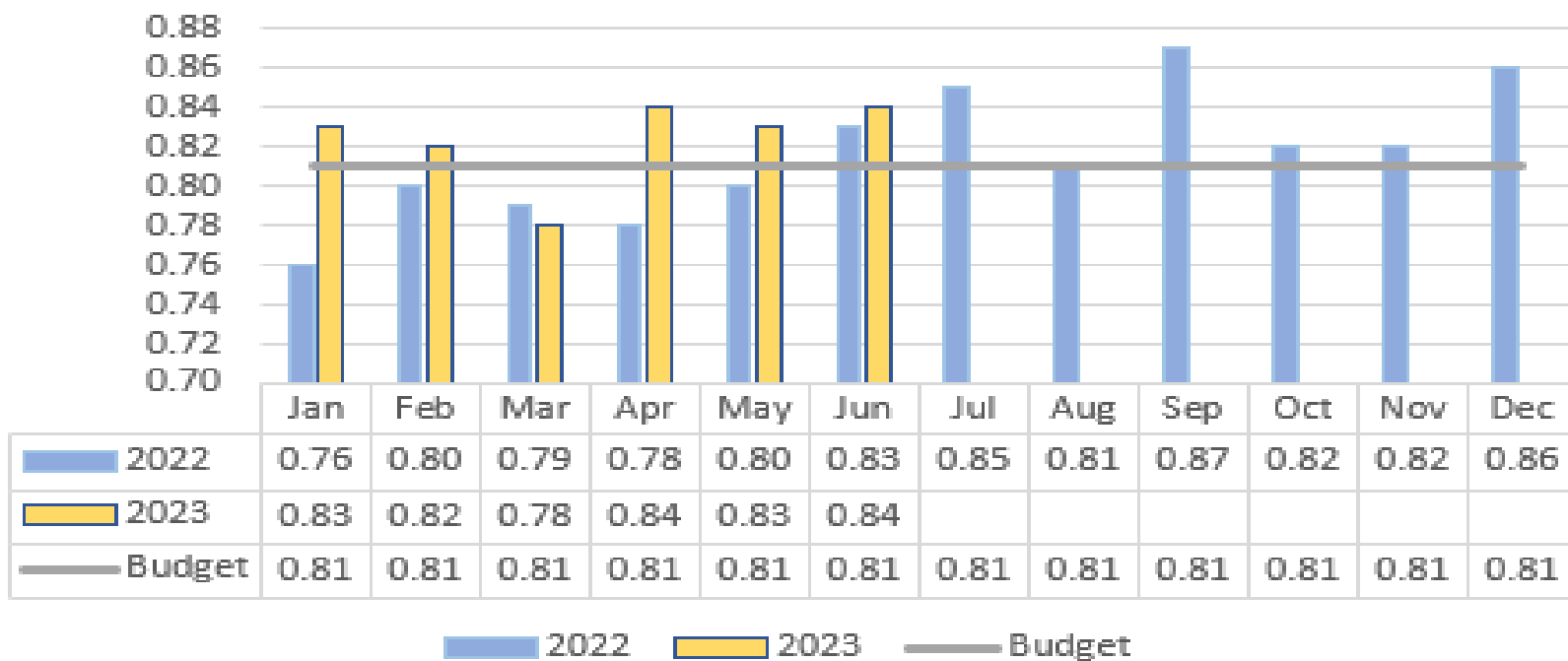


Revenue Performance for Different Sectors



For Every Dollar Earned in Revenue
\$.84 represented purchase power expense in June 2023
(increase due to the impact of coal prices)

Power cost to Revenue



Statement of Operations
Variances from Last Year and Budget

	<i><u>THIS YEAR</u></i>	<i><u>LAST YEAR</u></i>	<i><u>VARIANCE</u></i>		<i><u>THIS YEAR</u></i>	<i><u>BUDGET</u></i>	<i><u>VARIANCE</u></i>
Operating Revenue	114,422,905	103,865,424	10,557,481		114,422,905	118,659,454	(4,236,550)
Less: Cost of Purchased Power	93,938,758	82,506,594	11,432,164		93,938,758	95,478,392	(1,539,634)
Net Revenue	20,484,147	21,358,830	(874,683)		20,484,147	23,181,062	(2,696,916)
Controllable Cost	11,182,170	10,847,777	334,393		11,182,170	11,716,514	(534,344)
Depreciation and Amortization Expense	6,217,556	5,754,025	463,530		6,217,556	6,111,186	106,369
Interest on Long Term Debt	1,687,340	1,501,448	185,892		1,687,340	1,557,604	129,736
Interest Expense - Line of Credit	79,440	6,171	73,269		79,440	43,750	35,690
Other Deductions	35,244	44,251	(9,008)		35,244	31,500	3,744
Total Expenses (less Power Cost)	19,201,750	18,153,673	1,048,077		19,201,750	19,460,555	(258,805)
Members' Margins	1,282,397	3,205,157	(1,922,760)		1,282,397	3,720,508	(2,438,111)
Non-Operating Margins - Interest/Other	336,300	131,768	204,532		336,300	231,604	104,696
Generation & Transmission Capital Credits	-	-	-		-	-	-
Other Capital Credits & Patronage Dividend	68,953	149,705	(80,753)		68,953	71,000	(2,047)
Net Margins	1,687,649	3,486,630	(1,798,981)		1,687,649	4,023,111	(2,335,462)

*Distribution Equity is based on Policy 319**Benchmarks are based on debt covenants*

KEY METRICS	YTD	Rolling 12 Month	Benchmark
T.I.E.R (TIMES INTEREST EARNED)	2.000	3.111	1.25
O.T.I.E.R (OPERATING)	1.760	-	1.10
DSC (DEBT SERVICE COVERAGE)	3.162		1.35
ODSC (OPERATING)	-	2.620	1.35
MDSC (Modified Debt Service Coverage)		2.123	1.35
DISTRIBUTION EQUITY	-	32.60%	20%-35%
TOTAL EQUITY	-	54.16%	>27%
CURRENT RATIO		1.405	> 1.0
DAYS of CASH on HAND	123		100

June 2023



Temporary Investments - Board Policy 318

<u>Note Number</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Term in Days</u>	<u>Interest Earnings</u>
CFC Medium Term Notes	\$ 3,000,000.00	3.83%	10/2/2023	426	\$ 134,102.47
CFC Medium Term Notes	\$ 3,000,000.00	3.89%	8/2/2024	731	\$ 233,719.73
CFC Medium Term Notes	\$ 1,477,000.00	4.77%	12/15/2023	393	\$ 76,911.08
CFC Commerical Paper		Various 4.64 - 4.96%			\$ 35,707.81

June 2023
Thank you



Signed financials for June 2023 will be included in Board Paq



OWEN Electric

Your local co-op since 1937

MEMBER SERVICES REPORT

JULY 27, 2023



June 2023 Statistics

Member Account Activity	Current Month 2023	Last Month 2023	Same Period Last Year 2022
Bank Deposits	\$12,473,520.73	\$13,422,795.57	\$12,427,770.04
Accounts Billed	66,062	65,853	65,175
Total Billing (Excluding Taxes)	\$12,004,649.19	\$11,410,729.70	\$11,769,007.95
Delinquent Notices Mailed	8,108	9,335	8,382
Total Delinquent Amount	\$1,372,470.49	\$1,807,049.00	\$1,685,123.97
Total Penalty Amount	\$68,334.81	\$90,051.99	\$84,042.37
Number of Arrangements	1,141	1,358	1,169
Total Amount of Arrangements	\$208,341.07	\$283,506.71	\$207,425.79
Return Check Amount	\$31,957.25	\$20,559.83	\$15,193.62
Number of Return Checks	114	67	92
Office Pymts (Walk-in & Drive-thru)	2,951	3,041	3,083
Cutoff Tickets	1,568	1,444	1,246
Actual Cutoffs	600	507	358
New Accounts Set Up	668	577	664
Service Orders	2,913	2,639	2,931
Calls Answered by Member Services Reps	8,463	8,995	9,240
Telelink Calls	25,708	23,698	33,072
Member Services Collection Program	\$5,948.53	\$6,244.76	\$7,142.45
Total Collections by Member Services	\$1,015,292.59		



Kentucky's Touchstone Energy Cooperatives

Cooperative Solar

- 259 panels licensed by 52 OEC members
 - 51 residential participants
 - 1 C&I participant
- Average monthly credit per panel
 - \$2.37855 for energy
 - \$0.24856 for capacity

MEMBERS LICENSING 1 PANEL:	25
MEMBERS LICENSING 2 - 9 PANELS:	17
MEMBERS LICENSING 10-19 PANELS:	5
MEMBERS LICENSING 20 - 29 PANELS:	4
MEMBERS LICENSING 30 - 39 PANELS:	0
MEMBERS LICENSING 40+ PANELS:	1



OWEN Electric

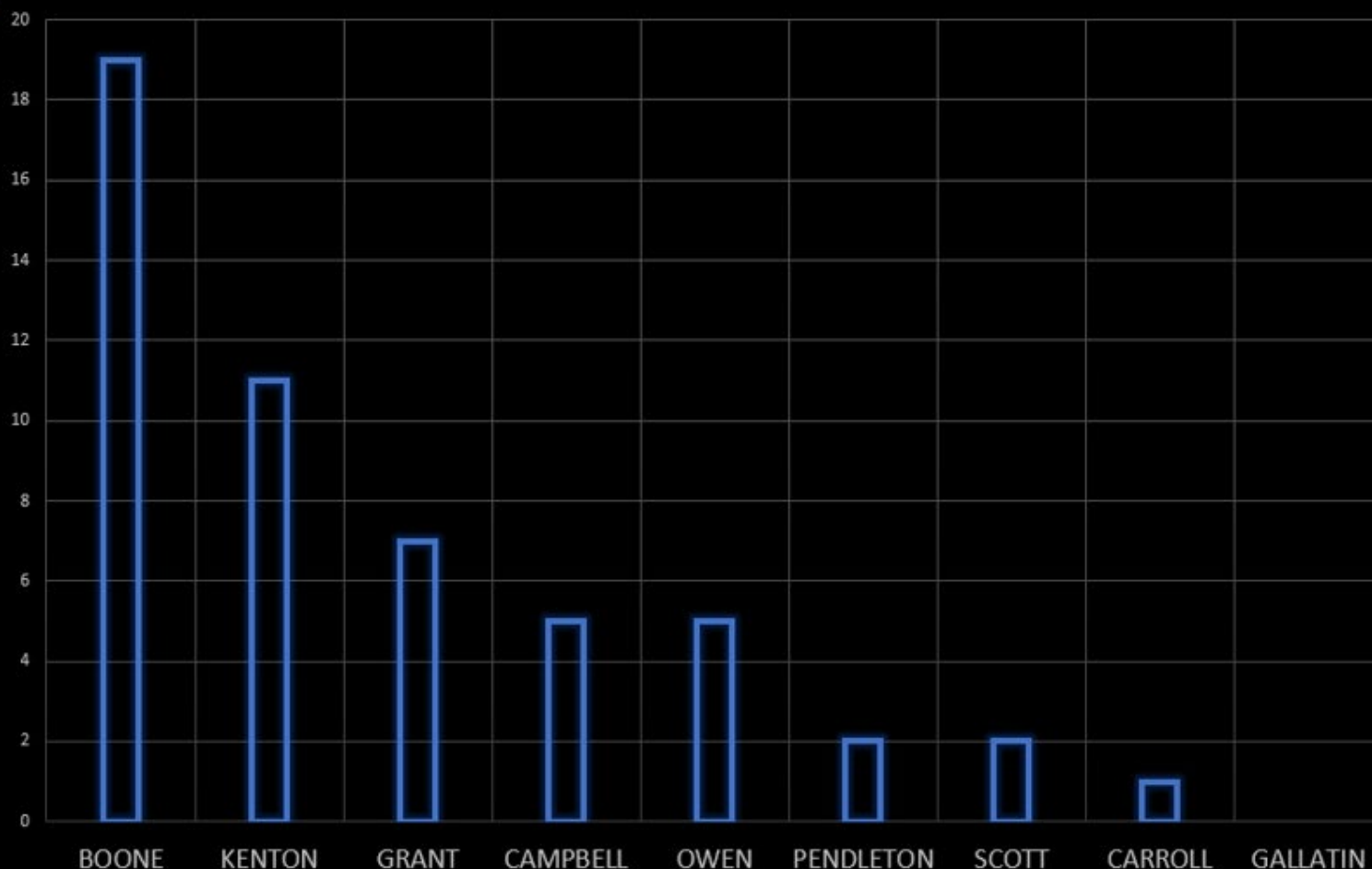
A Touchstone Energy Cooperative 



Kentucky's Touchstone Energy Cooperatives

Cooperative Solar

MEMBER PARTICIPATION BY COUNTY



OWEN Electric

A Touchstone Energy Cooperative





- **155 Owen member participants**
(greatest member participation on EKPC's system)
 - 152 residential participants
 - 3 C&I participants
- **294 total blocks of Envirowatts**
(2nd most blocks in EKPC's system)

RESOURCE	MEMBERS	BLOCKS
BIOMASS	152	290
SOLAR	1	2
HYDRO	1	1
WIND	1	1



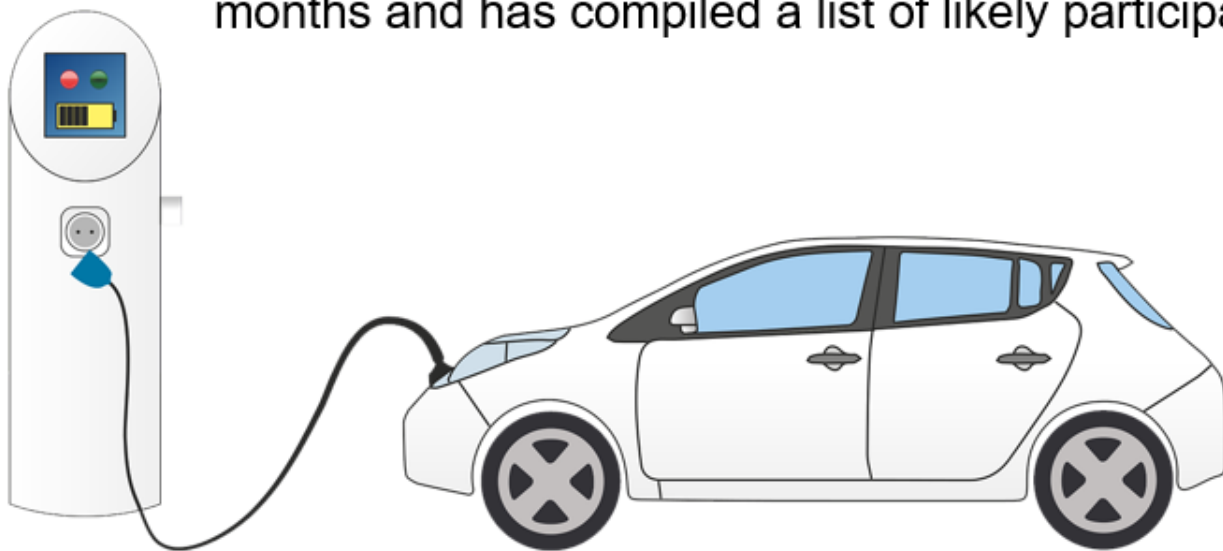
OWEN Electric

A Touchstone Energy Cooperative



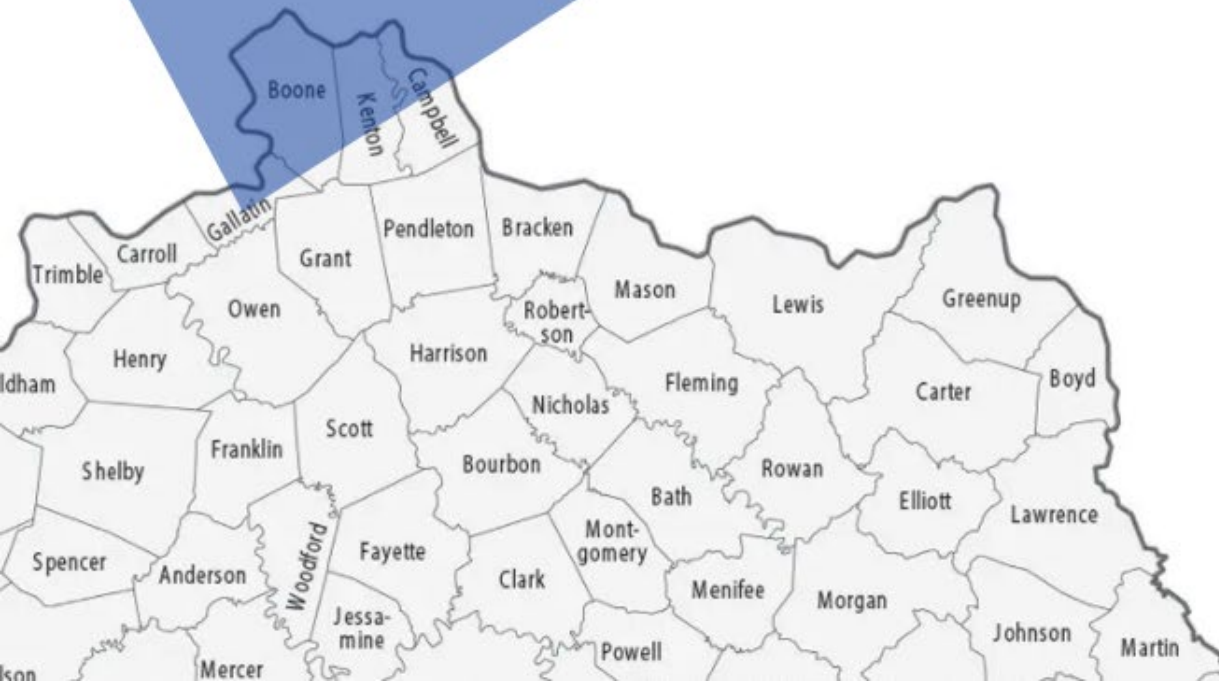
EV Home Charging Pilot

- Commission approved EKPC's EV home charging pilot on 7/12/23
- Member systems will be filing next
- Public announcement to be published in *Kentucky Living*
- Pilot won't be prepared for enrollments for several months
- Owen Electric has been engaging with members about this program for months and has compiled a list of likely participants





Economic Development





HUMAN RESOURCES BOARD REPORT

JULY 27, 2023

SAFETY Report

OWEN Electric

A Touchstone Energy Cooperative

July 2023


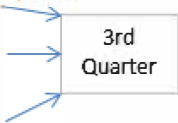




Leading Indicators

Safety Culture Score 2019 = 90%

Crew Visits		4
Safety Suggestions		25%
Near Miss Reports		0
Hazards Reported		1
Risk Assessments		0
Corrective Actions		1

Lagging Indicators

Actuals

Recordable Injury Rate		0
D.A.R.T. Rate	 <div>3rd Quarter</div>	0
Severity Rate		0
		0
OSHA Recordables		0
Actual Days Off Work		0
OEC Vehicle Accidents		0
Other Incidents		0

Note: All Stretch Goals Are 0.00



SAFETY IS NO ACCIDENT

WE HAVE WORKED

64

DAYS

WITHOUT A RECORDABLE
INCIDENT

As of 07/27/2023

WE HAVE WORKED

139

DAYS

WITHOUT A LOST TIME INJURY



We continue to be focused on being proactive in hazard awareness by making corrections to affect the situations that can cause a negative impact to our Safety Indicators (physical alterations to equipment and additional training).

*** We have worked 20,503 hours (06/01/23 thru 06/30/23).**

We currently have 125 employees.

Note: The calculations reflect realtime data so that we can see a better picture of where we stand within the current quarter.

OEC employees continue to work hard while controlling workplace hazards very well. Communication between departments about safe practices remains essential and it is evident that it is taking place.

Preparations are being made to co-host the Underground Construction and Maintenance School along with KEC. This is a 3-day event design to provide training for the specific skillsets required for this important part of our industry.

The Safety Team is currently working on language that will help employees properly control Arc Flash hazards. The goal is to have something to present to the affected employees by the first of September.

Great News!

Federated Insurance Exchange performed their annual assessment and noted that we were now considered a high performing Cooperative in safety and that there were no concerning trends concerning losses! This assessment includes a 5 year rolling look at losses and key safety indicators.



A Touchstone Energy Cooperative 

2023 HUMAN RESOURCES, MEDICAL PLAN UPDATE

STAFFING UPDATE

Engineering Staffing

William Clark Jr. started on July 10th as the Joint Use Coordinator. A vacancy for Metering Services Coordinator remains open.

Member Services Staffing

Jonathon, “John” Hurley joined us as the newest FSR on July 17th. John comes for our Contractor Epp Electric, so he is familiar with our territory.

Operations Staffing

Ricky Mason, Journeyman/Line Inspector retired on July 7th. His position has been filled by Travis Duvall, Crew leader from our Owenton office. The Crew leader position in Owenton vacated is going to be filled by Chris Dempsey, which is a Crew leader from the Walton Service Center. We will see another domino effect again in Operations as employees move around filling positions. This could mean eventually we would have another FSR (Member Services) job vacancy in the near future. TBD...

Currently as of July 18, we have 124 full time employees.

MEDICAL PLAN UPDATE

OEC

OEC Funding
\$ 838,406

OEC Claims
\$ 535,674

Surplus/Deficit
\$ 302,732

Participants
136

A large, light blue silhouette graphic in the background depicting a utility pole with cross-arms. Two workers wearing hard hats are shown working on the pole, one on each side of the central vertical post.

Operations Board Report

July 2023

Right-of-Way

	May/June	YTD	Target – 2023	% Complete
Trimming Miles	72	216	507	42.6%

Crews are currently working in:

- Boone Co. – Smoot II and Boone Sub
- Campbell Co. – Grantslick II
- Kenton Co. – Banklick and Turkeyfoot Sub
- Pendleton Co. – Griffin Sub
- Scott Co. – Penn Sub

Right-of-Way

- Added 2 additional crews (Down 2 initially)
 - Bucket Crew
 - Equipment Crew
- Have spent 43.7% of our budget
- Completed 42.6% of our goal
- Spraying to start mid to late August

Pole Treatment

- Completed 6/21/23
- Total Poles – 8901
- Rejections – 45
- Rejection Rate – .51%

Mutual Aid

- June 26th – 28th
 - Salt River (Bardstown, Ky) – 6 lineman
 - Moved to Bluegrass on the 27th
 - Bluegrass Energy – 4 Lineman
- July 3rd - 4th
 - Bluegrass Energy – 7 lineman

Happy Retirement



- Ricky Mason
- Journeyman/Line Inspector
- 34 years of service
- Retirement – July 2023
- Duties included:
 - Meter Reader
 - Lineman
 - System Operator
 - Line Inspector



Technology Report

July 2023



Engineering

Jennifer Taylor

2023 Reliability KPI

	Q1	Q2	Q3	Q4	YTD
SAIDI	19.24	27.13			46.36
SAIFI	0.190	0.260			0.450
MED	3	0	0	0	3

THRESHOLD
TARGET
STRETCH

Met Threshold for SAIDI for Q2.
Met Stretch for SAIFI for Q2.

EKPC Activity



- New Griffin substation (pictured) energized last week
- Past projects completed: Munk rebuild (Sept. '22), Penn rebuild (March '23), Smoot high side (June '23), Griffin transmission rebuild (Feb '23)
- Current activity: Boone to Wmtown transmission rebuild (ongoing); Mineola transmission design is complete & EKPC working on easement acquisition
- Future activity: Mineola substation targeted Dec. 2024, Rebuild of Bullittsville sub 2025



Co-generation/Solar

- Owen's first co-gen member: DHL distribution warehouse on Elijah Creek Rd.
- 307kW of solar with future expansion capability
- n deck: New Boone County library in Walton is planning a 120Kw array installed on rooftop and canopy over EV chargers.
- Total projected solar with current projects in pipeline (residential plus commercial co-gen) = approx. 4MW on our system

Oversight Agenda



EKPC Report



Report Presented By:
Alan Ahrman



KEC Report

KENTUCKY ELECTRIC
COOPERATIVES

Report Presented By:
Rick Messingschlager

Attorney's Report

Presented By: Jim Crawford



Information Agenda

2023 Board Meetings & Training

August 7-8, 2023-KEC Annual Meeting, Louisville, KY

August 31, 2023-Regular Board Meeting, 9:00am, HQ-Owenton, KY

September 28, 2023-Regular Board Meeting, 9:00am, HQ-Owenton, KY

October 11-13, 2023-NRECA Regional Meeting, Louisville, KY

October 26, 2023-Regular Board Meeting, 9:00am, HQ-Owenton, KY

November 16, 2023-Regular Board Meeting, 9:00am, HQ-Owenton, KY

December 21, 2023-Regular Board Meeting, 9:00am, HQ-Owenton, KY

January 25, 2024-Regular Board Meeting, 9:00am, HQ-Owenton, KY

February 29, 2024-Regular Board Meeting, 9:00am, HQ-Owenton, KY

March 1-6, 2024-NRECA Power Xchange, San Antonio, Texas

March 28, 2024-Regular Board Meeting, 9:00am, HQ-Owenton, KY

April 6-9, 2024-NRECA Directors Conference, Nashville, TN

April 21-24, 2024-NRECA Legislative Conference, Washington, DC

April 25, 2024-Regular Board Meeting, 9:00am, HQ-Owenton, KY



Information Agenda

- Conference Reports
 - As needed
- Old Business
- New Business
- Executive Session
- Miscellaneous
- Adjourn
 - Motion _____
 - Second _____