

**PIONEER ELECTRIC COOPERATIVE, INC.  
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES**

June 24, 2020

**CALL TO ORDER**

The regular meeting of the Pioneer Electric Cooperative, Inc. (“Pioneer Electric” or “Cooperative”), Board of Trustees (“Board” or “Trustees”) was held on Wednesday, June 24, 2020 at the Cooperative’s headquarters in Ulysses, Kansas. The meeting convened at 8:30 a.m.

Present at the regular meeting were: Board President Martie Floyd, Vice President Alfred Alexander, Secretary-Treasurer John Jury, Assistant Secretary-Treasurer Mike Brewer and Trustees James Bell, Charles Milburn, Fred Claassen and Jeff Moyer. Trustee Melvin Winger was absent and excused. Also present at the Board meeting were Chief Executive Officer (“CEO”) Stephen J. Epperson; Randall D. Magnison, Executive Vice President-Assistant CEO; Lindsay A. Campbell, Executive Vice President-General Counsel; Chantry C. Scott, CFO-Vice President of Finance and Accounting; and George Bushnell, Vice President of Engineering and Operations. Also in attendance for the full meeting was Pioneer Electric’s Michelle Brungardt, Executive Assistant; Larissa Hoopingarner, Legal Executive Assistant; Mike Haney, Manager of Engineering & Operations; Chris Wagner, Plant Accountant; and Rae Gorman, Manager of Energy Services. Pioneer Electric’s Anita Wendt, Vice President of Energy Services was absent and excused. Board President Martie Floyd called the meeting to order.

**INVOCATION & PLEDGE OF ALLEGIANCE**

The meeting opened with an invocation and the Pledge of Allegiance.

**APPROVAL OF MEETING AGENDA AS PUBLISHED OR AMENDED**

A motion was made and seconded to approve the meeting agenda as published or amended.

Motion carried.

**PUBLIC – INTRODUCTION OF GUESTS**

None present.

**CONSENT AGENDA**

- 1. Approval of May 20, 2020 Regular Board Meeting Minutes**
- 2. Approval of May 20, 2020 Executive Meeting Minutes**
- 3. Approval of New & Reactivated Memberships**
- 4. Approval of Deactivated Memberships**
- 5. Approval of Estate Retirement Applications**
- 6. Approval of May 2020 General Fund Checks & Transactions**
- 7. Approval of May Board Expense Reports**
- 8. Approval of CEO Expense Report**

After reviewing and discussing the expense reports and General Fund Checks, a motion was made and seconded to approve the Consent Agenda. Motion carried.

**SUNFLOWER UPDATE**

CEO Stephen Epperson updated the Board on Sunflower Electric Power Corporation (“Sunflower”) activities for the month of June. Sunflower is compiling evidence to support loan forgiveness in preparation for a SBA audit, it was agreed upon to move the monthly Board Meeting from the third Friday to the third Wednesday of each month beginning in January 2021, and Sunflower’s transmission project cost in comparison with member projects variances were discussed. For the month of May, Sunflower’s load was down 9%, and YTD load is down 4%

from budget. Sunflower's updated balance of loads and resources was presented which includes the recognition of 40 MW of renewable energy from the two new solar projects in the developmental stages. Sunflower continues to work through the integrated resource plan study and updates to the plan are still set to be completed this fall. Sunflower staff also provided updates on current transmission Notices to Construct (NTCs) resulting from the SPP annual integrated planning process and the Sunflower Renewable Energy Program. Finally, the Board approved a deviation from the Sunflower Economic Development Rider to accommodate a new refrigeration load planning to locate in Victory Electric's service territory in Dodge City.

## **CHIEF EXECUTIVE OFFICER'S REPORT**

### **1. COVID-19 Update**

Randall Magnison, Executive Vice President-Assistant CEO, reviewed with the Board an updated COVID-19 summary of statistical data collected from KDHE as of Monday, June 22, 2020. CEO Stephen Epperson reported that based on statistical data, the Pioneer Electric office and Southern Pioneer Customer Service-Distribution office location in Medicine Lodge plan to transition into Phase 3 of the Reopening Plan on or around June 29th, which entails the reopening of the lobbies. Based on statistical information, the Southern Pioneer Customer Service-Distribution office location in Liberal will continue to stay in Phase 2 until further notice. The importance of continuing to social distance, practice good hygiene and sanitize will be emphasized during the transition in an effort to prevent illness and further spread of COVID-19, while continuing to provide safe and reliable service to our members and consumers.

## **2. Finance & Accounting Update**

### **a. Financial & Operating/Capital Budget Report**

- b. Chantry Scott, CFO-Vice President of Finance and Accounting, reviewed with the Board the May 2020 Financial and Operating Report numbers. After review and discussion, a motion was made and seconded to approve the May 2020 Financial Report. Motion Carried.

### **c. May Aged Balance Report**

Rae Gorman, Manager of Energy Services, shared with the Board month-to-date Pioneer Electric and Southern Pioneer May Aged Balance Reports identifying the number of accounts delinquent and total dollar amount of arrearages by revenue class. A comparison from 2019 was also included revealing that the aged balances are continuing to maintain comparable to the previous year despite the impact of the COVID-19 pandemic.

### **d. Form 990 Questionnaire**

Chantry Scott, CFO-Vice President of Finance and Accounting, reported that the Form 990 Questionnaire has been distributed to each of the Board members for review and completion. Once signed and returned, the completed questionnaire will be used to assist with completing the IRS Form 990.

### **e. Capital Credit Retirement**

CEO Stephen Epperson continued the discussion with the Board regarding the optionality of an early capital credit retirement for the members in response to COVID-19 impacts. After review and discussion, there was consensus that overall, the members are financially sustaining the pandemic fairly well and it may be more

critical to consider a more impactful capital credit retirement at the end of the year.

There will be further discussion as there is more time to evaluate the impact and circumstances resulting from the pandemic.

### **3. Engineering & Operations**

George Bushnell, Vice President-Engineering and Operations, elected to stand on a majority of the Engineering and Operations monthly written report as published for review in the June Chief Executive Officer's report posted on BoardPaq.

#### **a. FEMA Update**

Mike Haney, Manager of Engineering and Operations, shared with the Board that FEMA construction began on June 1, 2020 and eight (8) miles of construction has been completed. Pioneer Electric has still not received the approved Project Worksheet back from FEMA as it is still in Washington D.C. awaiting congressional approval. FEMA has suggested that Pioneer Electric begin submitting dollars for fund reimbursement although the timeframe to expect reimbursement is unknown.

#### **b. Anixter Update**

Chris Wagner, Plant Accountant, reviewed with the Board a summary of rebates and incentives that Pioneer Electric and Southern Pioneer receive from our sole source vendor, Anixter. Effective June 22, 2020, Wesco closed on the purchase of Anixter.

#### **4. Energy Services**

##### **a. Disconnects Update**

Rae Gorman, Manager of Energy Services reported to the Board the total number of disconnects for non-pay for each of Pioneer Electric and Southern Pioneer's billing cycles. Overall, the disconnect process went well for both companies and a majority of all meters were reconnected in a short period of time. Energy services is continuing to promote all of the ways to pay online, over the phone and with auto pay.

##### **b. Energy Services/ "In the News"**

Rae Gorman, Manager of Energy Services, discussed Facebook statistics and recent updates at Pioneer Electric.

##### **c. Rescheduling Health Fair & Annual Meeting Status**

Rae Gorman, Manager of Energy Services, reported that Pioneer Electric and Pioneer Communications have agreed to reschedule the Annual Meeting to Thursday, September 10, 2020. There will not be a health fair held this year due to the COVID-19 pandemic. Optionality and the possibility of a drive-in meeting or holding the meeting indoors with a meal are continuing to be discussed and evaluated.

##### **1. Utilize Mail-In Balloting**

CEO Stephen Epperson, reviewed with the Board the possibility that future annual member meetings may be also be canceled due to extenuating circumstances and uncertainty resulting from the COVID-19 pandemic. Currently, there is not language in the Bylaws addressing these types of

situations where it becomes impossible or impracticable to hold the annual member meeting during the timeframe required by the bylaws. Therefore, options were presented regarding the use of mail-in ballots both generally and in the case where the annual meeting cannot be held due to circumstances outside of the cooperative's control. After review and discussion, the Board requested staff to draft proposed bylaw amendments providing for a hybrid approach utilizing mail-in and in-person voting for regular annual member meetings, as well as solely mail-in voting in those situations where the annual member meeting cannot be held due to extenuating circumstances. Staff intends to bring the proposed bylaw changes to the Board for review and approval at next month's Board meeting to ultimately submit to the membership for approval at the planned rescheduled annual member meeting.

## **5. Regulatory Update**

Randall Magnison, Executive Vice President-Assistant CEO advised he would stand on the majority of the written Regulatory Report as published on BoardPaq. Assistant CEO Magnison provided an update on the current General Rate Case. A unanimous settlement has been reached, which has been filed with the Commission for approval. The parties are awaiting an Order from the Commission approving the settlement agreement. Any rate adjustment will be deferred for a year due to the COVID-19 Pandemic. Executive VP Magnison also provided an update on the Formula Based Rate (FBR) Continuation proceeding where Southern Pioneer is asking the Commission to extend its distribution DSC and 34.5 kV FBR plans. A unanimous settlement was reached and the settlement and

joint motions have been filed for Commission approval. Finally, Executive VP Magnison reported that due to the recent Supreme Court ruling overturning the approval by the Commission of Westar's new rate for residential distributed generation customers, the Commission has reopened the Westar docket concerning rates established for distributed generation customers and directed all jurisdictional electrical utilities to enter their appearance in the docket by June 30. Additionally, parties have been asked to file comments in support of desired rate design not in conflict with the Supreme Court ruling due by August 14, 2020. Therefore, Pioneer Electric and Southern Pioneer will be filing an Entry of Appearance and comments in the docket.

## **6. Corporate Services**

Lindsay Campbell, Executive Vice President-General Counsel advised she would stand on a majority of the written Corporate Services Report as published on BoardPaq.

## **7. Administration**

Assistant CEO Magnison advised that he would stand on the majority of the written Administrative Report as published on BoardPaq.

### **a. Organizational Chart**

Melissa Morales, Manager of Human Resources, reviewed with the Board the updated succession plan, current organizational chart and the proposed updates to the organizational chart. After review and discussion, the Board approved the proposed updates to the organizational chart.

## **DISCUSS RESCHEDULING BOARD STRATEGIC PLANNING**

CEO Epperson proposed to the Board re-scheduling of Board strategic planning session to July 23<sup>rd</sup>-24<sup>th</sup>. After discussion and due to conflicts, it was requested to consider the beginning of



the following week in order to meet the needs of all of the Board members. Further efforts will be needed in order coordinate with the facilitator to set a date and time for the event.

### **GENERAL COUNSEL'S REPORT**

A motion was made and seconded to go into executive session at 11:00 a.m. to discuss a water rights issue with Executive Vice President – General Counsel, Lindsay Campbell and retained outside legal counsel from Foulston Siefkin. Motion carried.

A motion was made and seconded to come out of Executive Session at 11:32 a.m.

### **MATTERS REQUIRING BOARD ACTION**

#### **1. Quarterly Write-Off of Uncollectable Accounts**

Randall Magnison, Executive Vice President-Assistant CEO presented and discussed with the Board, the quarterly write-off of uncollectable accounts and miscellaneous receivables for the second quarter. After discussion, a motion was made and seconded to write-off fifteen (15) uncollectable electric accounts in the amount of \$2,220.20, defer one (1) miscellaneous receivable for an internal follow-up, and refer all electric accounts to Brooks and Olson for collection. Motion carried.

#### **2. Resolution Authorizing Special Capital Credit Retirement & Applying Against Uncollectable Account**

After review and discussion, a motion was made and seconded to approve the “Resolution Authorizing General Capital Credit Retirement & Applying Against Uncollectable Accounts”. Motion Carried

**Resolution Authorizing Special Capital Credit Retirement to Apply Against Remaining Balances of Uncollectible Accounts Approved for Write Off as of June 24, 2020**

**WHEREAS**, Pioneer Electric Cooperative, Inc., (“Pioneer Electric”) has sold electricity to consumers on credit; and

**WHEREAS**, at its June 24, 2019 meeting, the Pioneer Electric Board of Trustees (the “Board” or “Trustees”) approved the write off of certain accounts deemed uncollectible that had been incurred on or before June 24, 2019.

**NOW, THEREFORE, BE IT RESOLVED**, the Board, in accordance with Pioneer Electric Bylaws and Policy No. 43, Capital Credits, hereby authorizes a Special Capital Credit Retirement to apply the net present value of any unretired capital credits of a consumer with an uncollectible written-off account against the remaining balance of the uncollectible account approved for write off on or before the June 24, 2019 Board meeting; and

**BE IT FURTHER RESOLVED**, that the unpaid discounted amount relevant to this special retirement will be retained as permanent equity of Pioneer Electric; and

**BE IT FURTHER RESOLVED**, the Board authorizes that the Special Capital Credit Retirement use the appropriate discount rate according to Board-approved Policy No. 43, Capital Credits.

### **3. Appoint NRECA 2020 Regional Meeting Voting & Alternate Delegate**

CEO Epperson advised the Board that Pioneer Electric needed to appoint a Voting Delegate and Alternate Delegate for the NRECA Regional Meeting in Spokane, WA. After discussion, a motion was made to appoint Trustee James Bell as the Delegate and Trustee Michael Brewer as the Alternate Delegate. Motion carried.

### **4. Grant County Community Foundation Donation Request**

After discussion, a motion was made and seconded to donate \$3,000 to the Grant County Community Foundation. Motion Carried.

## **OTHER BUSINESS**

- 1. CoBank Energy Directors Conference – July 13-15, 2020 – Cancelled due to COVID-19**
- 2. NRECA Summer School – July 24-29, 2020 – Cancelled due to COVID-19**
- 3. KEC Summer Meeting – August 1-3, 2020**

4. **CoBank Energy & Water Executive Forum – August 4-6, 2020 – Cancelled due to COVID-19**
5. **Pioneer Electric Annual Meeting September 10, 2020 – (Time TBA at a later date)**
6. **NRECA Region 7 & 9 Meeting – September 30-October 1, 2020 – To be held by virtual meeting**

**EXECUTIVE SESSION**

A motion was made to go into Executive Session at 1:35 p.m. Motion carried.

A motion was made and seconded to come out of Executive Session at 2:04 p.m. Motion carried.

**ADJOURNMENT**

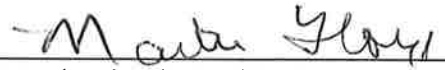
A motion was made and seconded to adjourn the meeting at 2:04 p.m. Motion carried.



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John Jury, Secretary-Treasurer

APPROVED:



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Martie Floyd, President

