

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

August 26, 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, August 26, 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, Assistant Secretary-Treasurer Mike Brewer and Trustees James Bell, Charles Milburn, Fred Claassen and Jeff Moyer. Secretary-Treasurer John Jury was in partial attendance. 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; George Bushnell, Vice President of Engineering and Operations; and Anita Wendt, Vice President of Energy Services. Also, in attendance for the full meeting was Pioneer Electric’s Michelle Brungardt, Executive Assistant and Larissa Batterton, Legal Executive Assistant. In partial attendance at the Board meeting were Rae Gorman, Manager of Energy Services, Diana Nunez, Consumer Accounts Supervisor and Kristen Koehn, Metering and Technology Specialist. 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 July 22, 2020 Regular Board Meeting Minutes**
- 2. Approval of July 22, 2020 Executive Meeting Minutes**
- 3. Approval of New & Reactivated Memberships**
- 4. Approval of Deactivated Memberships**
- 5. Approval of Estate Retirement Applications**
- 6. Approval of July 2020 General Fund Checks & Transactions**
- 7. Approval of July 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.

**KEC – KCRE GROW YOUR GIVING CHALLENGE**

CEO Stephen Epperson presented to the Board the KCRE “Grow Your Giving” challenge for 2020. Kansas Electric Cooperative, Inc. (“KEC”) is continuing to encourage the campaign to increase funding for the state political action committee known as KCRE. In response to the ever so changing political landscape facing utilities, KEC is ramping up its efforts by issuing this challenge to each of KEC’s member co-ops. The initial goal is for all Board Members and Executives

to contribute to KCRE at the Century Club level or higher. Forms will be distributed to the Board Members and Executives to donate as desired.

### **SUNFLOWER UPDATE**

CEO Stephen Epperson updated the Board on Sunflower Electric Power Corporation (“Sunflower”) activities for the month of August. Sunflower is continuing its ongoing wholesale rate design study and focused on the pros and cons of various rate design options, including a two-part demand rate and time-of-use rates, considering the impacts of such rate designs on each member and municipal customers.

The Sunflower Board was updated on the recent approval by the SPP Board to change to the SPP highway-byway cost allocation that will allow more costs to be spread regionally for projects facilitating renewables due to the benefits to the region as a whole. The change must now be approved by the Federal Energy Regulatory Commission (FERC), and an Order should be issued at the beginning of 2021. The Board was also updated on the ongoing litigation at FERC involving the ability of Tri-County Electric Cooperative to qualify for socialization across the SPS transmission footprint the cost of the significant upgrades made to its local transmission system under its contract with independent transmission company, Gridliance. The main issue is whether or not these local upgrades qualify as “Transmission Facilities” under Attachment AI of the SPP OATT, which would qualify them for cost recovery among all customers in the transmission zone for which the facilities reside.

Sunflower Staff updated the Board on the renewable energy projects under consideration, including current hurdles to overcome with the SPP interconnection study process timeline in order to achieve a safe harbor to receive ITCs associated with a project.

Sunflower Staff presented the 2021-2023 load forecast and budget, recommending no change to the Sunflower WHM base demand and energy rates, which will create rate stability during the next three years. The Board will take action on the budget in the September board meeting. For the month of July, Sunflower's load was down 6.9%, and YTD load is down 4.2% from budget.

## **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, August 24, 2020. Executive VP Magnison also gave an overview of the State of Kansas unemployment rates and impacts for the state and by county. Additionally, Executive VP Magnison reported on the COVID-19 related employee quarantines and emergency sick leave hours paid by office location for Pioneer Electric and Southern Pioneer.

### **2. Assistant CEO Transition of Duties Schedule**

CEO Epperson gave the Board a high-level review of the training and delegation of duties in progress or scheduled throughout the organization in preparation of upcoming transitions expected at the beginning of the year 2021.

### **3. Finance & Accounting Update**

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

Chantry Scott, CFO-Vice President of Finance and Accounting reviewed with the Board the July 2020 Financial and Operating Report numbers. After review and

discussion, a motion was made and seconded to approve the July 2020 Financial Report. Motion Carried.

**b. Equity Management Plan**

CFO & VP of Finance and Accounting Chantry Scott presented to the Board the Equity Management Plan that assures financial integrity and explained that it is a significant resource used during the budgeting process. The Plan uses an equity target that maintains adequate funds and aligns with the paradigm of effectively managing risk to provide the best possible service at the lowest possible price.

**c. Updated Load Data**

(Presented and discussed in Quarterly Report.)

**4. 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 August Chief Executive Officer's report posted on BoardPaq. VP Bushnell provided an update on annual Osmose pole testing. Pioneer has a 4% rejection rate and Southern Pioneer a 14.8% rejection rate.

**5. Energy Services**

**a. Update on Aged Balances & Disconnects for Non-Payment**

Anita Wendt, Vice President of Energy Services, shared with the Board the month-to-date Pioneer Electric and Southern Pioneer July 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. VP Wendt also reported on the total

number of disconnects for non-pay for each of Pioneer Electric and Southern Pioneer's billing cycles. Overall, the disconnect process is continuing to go well for both companies, although an increase in bad debt is anticipated. Energy Services is continuing to promote all the ways to pay online, over the phone and with auto pay.

**b. Equifax Pilot Program**

Kristen Koehn, Metering and Technology Specialist, presented to the Board an Equifax Pilot Program that provides protection to consumers, and to Pioneer and Southern Pioneer. The program also increases the customer service available to members and consumers when setting up a new membership remotely as it verifies identity and can calculate a star rating to assist in establishing deposit amounts. CEO Epperson complimented the workflow team and extended his appreciation for their outstanding work on the program.

**c. Energy Services/ "In the News"**

VP of Energy Services Anita Wendt, discussed recent happenings, Facebook statistics, upcoming events and cancellations at Pioneer Electric.

**d. Annual Meeting Update**

VP of Energy Services Anita Wendt, updated the Board on the upcoming Pioneer Electric and Pioneer Communications joint annual meeting to be held on Thursday, September 10, 2020. VP Wendt, distributed amongst the Board a drafted Annual Meeting booklet for review that will be handed out during the event, advised the Board that the updated Annual Meeting notices with proxy cards have been sent out, discussed times of events, and gave additional instruction on parking.

## **6. 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. Executive VP Magnison did mention that Southern Pioneer received the approved FBR Settlement Order on August 11, 2020.

Lindsay Campbell, Executive Vice President-General Counsel presented to the Board a presentation on distributed generation (DG) legal issues currently affecting Pioneer and Southern Pioneer. As a result of a recent Kansas Supreme Court Ruling finding Westar's 3-part residential rate for residential DG customers as discriminatory and in violation of K.S.A. 66-117d, the docket has been remanded back to the KCC and it has been requested that all jurisdictional utilities and other utility intervenors file comments on alternative rate designs in accordance with the Kansas Supreme Court ruling. It has been concluded that the Kansas Supreme Court ruling was vague in that it found that DG customers cannot be charged higher rates than non-DG customers although there was not clarification that the statute only pertained to renewable DG customers and not all DG customers. Further, it was not clear as to whether the ruling applies only to charges for residential DG customers or also to commercial and industrial customers who implement DG and are charged a standby rate. Pioneer and Southern Pioneer filed initial comments on August 14, 2020 and will be preparing to file reply comments due on September 10, 2020.

## **7. 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.

## **8. Administration**

### **a. Retiree Health Insurance Coverage**

Assistant CEO Magnison presented to the Board a presentation on retiree health insurance coverage that provided historical actuarial cost data for retirees. In September, at the Sunflower Board Meeting, the trustees will vote on what insurance options will be offered in 2021 for retirees and how costs will be managed.

### **b. 2021 KECHIT Health Insurance Renewal**

Assistant CEO Magnison and Executive Staff recommended to the Board that health insurance coverage be renewed at the same level as was offered in 2020 for the year 2021. After review and discussion, a motion was made and seconded to renew health insurance coverage for 2021 consistent with the health insurance coverage in 2020. Motion carried.

## **GENERAL COUNSEL'S REPORT**

None

## **MATTERS REQUIRING BOARD ACTION**

### **1. Construction Standards Policy**

George Bushnell, Vice President-Engineering and Operations presented Policy 56, Pioneer Electric's Construction Standards to the Board. After review and discussion, a motion was made and seconded to approve Pioneer Electric's Policy 56, Construction Standards. Motion carried.



**2. Approval of Proposed Tariff Changes Suspending Grid Access Charge**

Lindsay Campbell, Executive Vice President-General Counsel reviewed the proposed Net Metering and Parallel Generation Riders that temporarily eliminate and suspend any and all language referencing a grid access charge as a result of the recent Kansas Supreme Court ruling on Westar’s rate for residential DG customers. After review and discussion, a motion was made and seconded to approve the proposed tariffs in the form submitted to and reviewed with the Board. Motion carried.

**OTHER BUSINESS**

- 1. Pioneer Electric Annual Meeting – September 10, 2020 – Grant County Civic Center Parking Lot – Registration to begin at 4:30 p.m. with meeting starting at 6:00 p.m.**
- 2. NRECA Region 7 & 9 Meeting – October 12-16, 2020 – To Be Held Via Virtual Meeting**
- 3. Strategic Planning – October 29, 2020 & November 12, 2020**

**EXECUTIVE SESSION**

A motion was made to go into Executive Session at 12:50 p.m. Motion carried.

A motion was made and seconded to come out of Executive Session at 3:22 p.m. Motion carried.

**ADJOURNMENT**

A motion was made and seconded to adjourn the meeting at 3:22 p.m. Motion carried.

  
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John R. Jury, Secretary-Treasurer

APPROVED:

  
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Martie Floyd, President

