

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

May 19, 2023

**CALL TO ORDER**

The regular meeting of the Pioneer Electric Cooperative, Inc. ("Pioneer Electric" or "Cooperative"), Board of Trustees ("Board" or "Trustees") was held in-person and remotely via Online Microsoft Office Teams on Wednesday, May 19, 2023, 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 Jeff Moyer, Assistant Secretary-Treasurer Mike Brewer, and Trustees Steve Arnold, James Bell, David C. Light, Alfred Alexander, Charles Milburn, and Board Counsel Paul Kitzke. Absent and excused was Secretary Treasurer John Jury. Also present at the Board meeting were Stephen J. Epperson, Chief Executive Officer ("CEO"); Lindsay A. Campbell, Executive Vice President/Assistant CEO & General Counsel; Chantry C. Scott, Executive Vice President/CFO; and Mike Haney, Vice President of Engineering and Operations. Clint Meier, Vice President of Engineering and Operations and Anita Wendt, Vice President of Energy Services were absent and excused. Also in attendance for the full meeting was Pioneer Electric's Sherry Easton, Manager of Accounting; Tolan Seger, Manager of Safety and Compliance; Rae Gorman, Manager of Energy Services; and Michelle Brungardt, Executive Assistant. Present remotely for the full meeting via Online Microsoft Office Teams was Larissa Layman, Legal Executive Assistant. In partial attendance was Ryan Wilken, Manager of Information Technology and Tim Ochoa, Network Administrator/Support 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**

1. Public Rate Notice Meeting for Approval of a Renewable Energy Rider

At 8:30 a.m. during Pioneer Electric's Regular Board meeting, a Rate Notice Meeting was held pursuant to K.S.A 66-104d, whereby the Board of Trustees reviewed and proposed Renewable Energy Rider. There were no guests present.

After review and discussion, a motion was made and seconded to approve the Renewable Energy Rider as proposed. Motion carried.

### **CONSENT AGENDA**

1. Approval of April 26, 2023, Regular Board Meeting Minutes
2. Approval of April 26, 2023, Executive Meeting Minutes
3. Approval of New & Reactivated Memberships
4. Approval of Deactivated Memberships
5. Approval of April 2023 Estate Retirement Applications
6. Approval of April 2023 General Fund Checks & Transactions
7. Approval of April 2023 Board Expense Reports
8. Approval of April CEO Expense Report

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

### **AUDIT PRESENTATION BY FORVIS VIA CONFERENCE CALL**

A motion was made and seconded to go into executive session at 9:32 a.m. Motion carried.

Chad Moore, Forvis LLP, Partner, remotely presented to the Board via Online Microsoft Office Teams, Pioneer Electric's consolidated financial audit report for the year ending December 31, 2022. The auditor advised that their review revealed that Pioneer Electric was in compliance with all financial covenants and Generally Accepted Accounting Principles (GAAP), maintains very good internal controls and reviews, has protected liquid assets very well, and that there were no material adjustments required as a result of the audit.

A motion was made and seconded to come out of executive session at 9:47 a.m. Motion carried.

### **KEC MEETING UPDATE**

Trustee Mike Brewer reported on the KEC CEO evaluation and the discussion to change the annual meeting location from the Capitol Plaza Hotel in Topeka to a different location and also move the annual meeting date to be a separate time from the Day at the Capital. Lindsay A. Campbell, Executive Vice President/Assistant CEO & General Counsel, reported on cybersecurity and phishing incidents discussed by a KEC distribution cooperative member.

### **SUNFLOWER ELECTRIC UPDATE**

CEO Stephen J. Epperson updated the Board on Sunflower Electric Power Corporation ("Sunflower") activities for the month of May. CEO Epperson provided updates on operations, power supply, transmission policy, and legislation.

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

### **1. Average Residential Rate Comparison**

CEO Epperson reviewed with the Board the KEC residential electric rate summary for 2022. CEO Epperson and Executive VP Scott then reviewed with the Board the primary residential electric rate drivers for each of Pioneer and Southern Pioneer. The primary driver for changes in the rates were due to wholesale power costs – specifically the costs incurred from Winter Storm Uri.

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

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

Chantry Scott, Executive Vice President/CFO, reviewed with the Board the April 2023 Financial and Operating Report numbers. After review and discussion, a motion was made and seconded to approve the April 2023 Financial and Operating Report numbers. Motion Carried.

### **3. IT Update**

Ryan Wilken, Manager of Information Technology, reviewed with the Board current and upcoming projects.

### **4. Engineering & Operations**

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

## **5. Safety Report**

Tolan Seger, Manager of Safety and Compliance, reported on Pioneer's recent RESAP inspection. Manager Seger shared the five key elements to safety commitment and reported that the inspection for Pioneer went exceptionally well.

## **6. 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 April Aged Balance Reports, identifying the number of accounts delinquent and total dollar amount of arrearages by revenue class. A comparison from 2022 was also included revealing that on average there are comparable aged balances for Pioneer Electric and Southern Pioneer compared to the previous year. VP Wendt also reported on the total number of disconnects for non-pay for each of Pioneer Electric and Southern Pioneer's billing cycles. The Kansas Cold Weather Rule is no longer in effect as of April 1, 2022, therefore, as anticipated the number of disconnects dramatically increased compared to the months of November through March. The comparison in the number of 2022 disconnects to the 2021 disconnects are similar on average. Overall, the disconnect and accounts receivable process are continuing to go well for both companies, and Energy Services is continuing to promote all the ways to pay online, over the phone and with auto pay.

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

Anita Wendt, Vice President of Energy Services, discussed recent happenings, upcoming events, and Facebook statistics at Pioneer Electric and Southern Pioneer.

## **7. Regulatory Update**

### **a. Southern Pioneer's 2023 Consolidated FBR Filing**

Chantry Scott, Executive Vice President/CFO, reported that the 2023 3<sup>rd</sup> Annual Consolidated Formula Based Rate ("FBR") Filing was made on Monday, May 1, 2023, parties are working on a procedural schedule has been established, and Southern Pioneer is anticipating the upcoming data request response process with KCC Staff and intervenors.

## **8. Corporate Services**

Lindsay A. Campbell, Executive Vice President/Assistant CEO & General Counsel, advised she would stand on the written Corporate Services Report as published on BoardPaq.

## **9. Administration**

Lindsay A. Campbell, Executive Vice President/Assistant CEO & General Counsel, advised that she would stand on the majority of the written Administrative Report as published on BoardPaq. Manager Morales reviewed with the Board in Executive Session proposed organizational chart changes.

## **GENERAL COUNSEL'S REPORT**

Nothing to report.

## **MATTERS REQUIRING BOARD ACTION**

### **1. Approval of Audit Presented by Forvis**

Chantry Scott, Executive Vice President/CFO asked for Board approval of Pioneer Electric's audit report for the year ending December 31, 2023, as presented by Chad Moore with Forvis, LLP, previously during the meeting. After review and discussion, a motion

was made and seconded to accept the Audit Report as presented by Forvis, LLP. Motion Carried.

**2. Resolution Authorizing Allocation of Operating Margins, Other Capital Credits and Patronage Dividends, and Generation and Transmission Capital Credits and Transfer of Non-Operating Margins to Permanent Equity**

Chantry Scott, Executive Vice President/CFO reviewed with the Board, the Resolution Authorizing Allocation of Operating Margins, Other Capital Credits and Patronage Dividends, Generation and Transmission Capital Credits and Transfer of Non-Operating Margins to Permanent Equity. After review and discussion, a motion was made and seconded to approve the Resolution Authorizing Allocation of Operating Margins, Other Capital Credits and Patronage Dividends, Generation and Transmission Capital Credits and Transfer of Non-Operating Margins to Permanent Equity. Motion carried.

**Resolution Authorizing Allocation of Operating Margins, Other Capital Credits and Patronage Dividends, and Generation and Transmission Capital Credits and Transfer of Non-Operating Margins to Permanent Equity**

**WHEREAS**, pursuant to Pioneer Electric Cooperative, Inc.'s, ("Pioneer Electric" or "Cooperative") approved Bylaws (Article VII, Section 2, Pages 13 – 15) and Board adopted Policy No. 43, the Board of Trustees is therein solely empowered to allocate operating margins, other capital credits and patronage dividends and Generation and Transmission Capital Credits; and

**WHEREAS**, pursuant to the Pioneer Electric's, approved Bylaws (Article VII, Section 2, Pages 13 – 15) and Board adopted Policy No. 43, the Board of Trustees is therein solely empowered to transfer and retain non-operating margins as permanent equity; and

**WHEREAS**, the Board of Trustees of Pioneer Electric has reviewed its Statement of Operations as of December 31, 2022, and \$2,278,060.10 has been credited to Operating Margins, \$691,665.78 has been credited to Other Capital Credits and Patronage Dividends, \$3,536,961.80 has been credited to Generation and Transmission Capital Credits and \$5,790,852.72 has been credited to Non-Operating Margins; and

**NOW, THEREFORE, BE IT RESOLVED**, the Board of Trustees in accordance with Pioneer Electric's Bylaws and Policy hereby authorizes the allocation of Operating Margins, Other Capital Credits and Patronage Dividends, and Generation and Transmission Capital Credits to the patrons; and

**BE IT FURTHER RESOLVED**, the Board of Trustees in accordance with Pioneer Electric's Bylaws and Policy hereby authorizes the transfer of Non-Operating Margins to permanent equity of the Cooperative; and

**OTHER BUSINESS**

1. ACES – June 1-2, 2023
2. CFC Forum – June 19-21, 2023
3. CoBank 2023 Energy Directors Conference – July 24-26, 2023
4. KEC Summer Meeting – July 29-31, 2023
5. CoBank 2023 Energy & Water Executive Forum – August 29-31, 2023
6. NRECA Region 7&9 Meeting – September 26-28, 2023.

**EXECUTIVE SESSION**

A motion was made to go into Executive Session at 1:38 p.m. Motion carried.

A motion was made and seconded to come out of Executive Session at 2:20 p.m. Motion carried.

**ADJOURNMENT**

A motion was made and seconded to adjourn the meeting at 2:20 p.m. Motion carried.

  
Mike Brewer, Assistant Secretary-Treasurer

APPROVED:

  
Martie Floyd, President