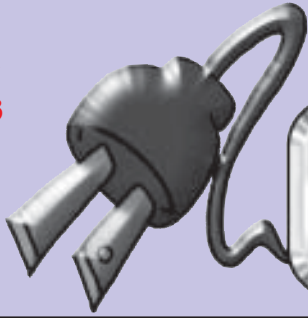


July
2003



Lane-Scott Electric Cooperative

LANE-SCOTT CONNECTIONS

P.O. Box 758, 410 S. High St., Dighton, KS 67839
Phone 620-397-5327

What Does Your Board of Directors Do?

Your Board of Directors is the policy-making body of your cooperative. As such, the directors meet monthly to establish the basic policies and long-range plans that serve as a guideline for management decisions. They review the activities of the Cooperative, monitor the financial condition and take action on a wide variety of matters affecting its well-being.

To make sound decisions directors must stay informed about complicated issues. This requires hours of reading materials in preparation for board meetings and attending special courses and conferences as required. As you can see, members who serve on the Board of Directors face a tremendous amount of responsibility. Your directors have always and will continue to provide the quality leadership, dedication and expertise necessary for the successful operation of your business.

Don't Get Burned by Batteries *Following some simple tips can stop many trips to the emergency room*

About 3,700 people a year are treated in hospital emergency rooms for battery-related chemical burns—and many of those treated are children under the age of 16.

Take a few minutes to find out how to avoid the risk of being burned by household batteries:

- Take care when recharging. Rechargeable batteries are great, but you must be careful to use the right kind of charger for the type and size battery you have. Never use an automobile battery charger to recharge flashlight batteries, and never try to recharge a disposable battery; in both cases, the battery can easily rupture, which puts you at risk for a painful chemical burn.

- Don't mix batteries. If you try to

replace just one of several old batteries in an appliance, the batteries may overheat and rupture. The same thing can happen if you mix alkaline batteries—the most common type—with carbon-zinc batteries in the same appliance. Always use a complete set of new batteries of the same type when replacing batteries.

- Install batteries properly. Be sure to put the positive and negative ends of the battery in the right position in your appliance; reversing the battery runs the risk of overheating, rupture, and chemical burn. This problem often arises when children try to replace batteries in toys. Don't let your kids replace batteries themselves; do it for them!

Source: Consumer Product Safety Commission www.cpsc.gov

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Telephone 397-5327
Owned & Published by
The Lane-Scott Electric Co-op, Inc.
P.O. Box 758
410 S. High St.
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Board of Directors

Larry Jasper, Dighton, President
Dick Jennison, Healy, V. President
Paul Seib, Ness City, Secretary
Dick Ramsey, Scott City, Treasurer
Eric Doll, Garden City
Ed Gough, Dighton
Harold Hoss, Ness City
Bruce Wilkins, Scott City
Richard Sorem, Jetmore

Staff

Earl Steffens, General Manager
Stan Bray, Mgr. of Electrical Operations
Katherine Lewis, Mgr. of Financial Services
Bob Venters, Resale Manager

In Case of Outage

If your electricity is off for more than a few minutes, call Dighton, 1-800-407-2217. Office hours 8:00 a.m. to 5:00 p.m. After hours calls will be answered by the dispatch and forwarded to standby personnel.

After Hours & Weekends Call:
1-800-407-2217

24-Hour Electrician Emergency Service

If you are without electricity, or have an electrical emergency on your side of the meter, we have a master electrician on staff available 24 hours a day. To request after-hours electrician service, call the following number:

1-800-407-2217

OFFICIAL NOTICE of Annual Meeting

The annual meeting of the members of the Lane-Scott Electric Cooperative, Inc. will be held at the Lane County Fairgrounds, Tuesday, July 15, 2003 in Dighton.

The meeting will begin at 6:30 p.m. with a catered dinner by Stan Hoss.

Electing three trustees, approving the minutes of the 2002 annual meeting,

the treasurer's report and the manager's report are all on the agenda.

The committee on nominations appointed by the Board of Trustees has nominated the following members as candidates for the offices of Trustees. Richard Jennison representing Lane and Gove counties; Harold Hoss representing Ness County and Richard Ramsey

representing Finney and Hodgeman counties.

Other nominations may be made by petition or from the floor of the meeting. Of the persons nominated and any other nominations it will be necessary to elect three trustees to succeed the persons whose terms expire at the meeting.

53rd Annual Membership Meeting 2003 Candidate Profiles

The terms of three trustees expire this year. The following candidates nominated by the 2003 Nominating Committee are: Richard Jennison, Healy, representing Lane and Gove Counties; Richard Ramsey, Scott City, representing Scott and Logan Counties; and Harold Hoss, Ness County, representing Ness County.



**Harold
Hoss**

Harold Hoss is the incumbent director serving Ness County. He is a lifelong resident of Ness County. Harold graduated from Ness City High School and Emporia State University. Harold and his wife Joyce have two children: Neal, 28; and Julie, 25.

Harold has been a member of the Lane-Scott Board of Directors for 18 years. He is a past director on the Ness City High School Board and a member of the Ness City American Legion and Knights of Columbus. He is also a past director of the United Credit Union of Ness City.



**Richard
Jennison**

Richard (Dick) Jennison is the incumbent director serving Lane and Gove Counties. Dick is a lifelong resident of rural Healy in Lane County. He is a graduate of Healy High School and Kansas State University. Dick and his wife Diana have three children: Lisa, 25; Todd, 20; Brett, 18.

Dick has been a member of the Lane-Scott Board of Directors for 21 years and currently serves as vice president. Dick is also a member of the Healy Co-op and is active in the Healy Methodist Church.



**Richard
Ramsey**

Richard Ramsey is the incumbent director serving Scott and Logan Counties. He has served as a member of the Lane-Scott Board of Directors for 15 years.

He is a lifelong resident of Scott County. Richard and his son Craig, along with their wives Joyce and Gina, operate a dry land and irrigated farm. Richard and his wife have three children and five grandchildren. They are active members of the Scott City Methodist Church. Richard has been active in Scott County by serving as a Scott County Extension Council Member, Commissioner, Scott County Co-op Board Member and various other boards.

Message From The President & General Manager

On behalf of the Trustees and Employees of Lane-Scott Electric Cooperative, Inc. I would like to extend a special invitation for you to attend the Fifty-Third Annual Meeting of your cooperative.

The utility business, for many years, was a relatively stable and comfortable business. Major events such as the Arab oil embargo and Three Mile Island have caused fluctuation in the energy markets but nothing has prepared us for recent developments. In the past couple of years utility deregulation in California, fluctuating natural gas prices and utility scandals such as Enron and WorldCom have left energy markets and their financial security very unpredictable and unstable. This kind of activity seems to be far removed from Kansas, but it all has a negative impact on Kansas's utilities.

Looking back at these events we see that the condition of Lane-Scott Electric Cooperative, Inc. is relatively good. Kilowatt hour sales provided enough revenue to cover all of our wholesale power costs and operating expenses with something to spare. 67,755,113 kilowatt hours in sales brought in \$6,088,287. An additional \$11,741 in miscellaneous revenue makes the total \$6,100,028 in revenue. Our wholesale power cost of \$3,120,950 and operating, maintenance, depreciation and interest expenses totaled \$2,006,747 leaving us with total operating margins and patronage capital of \$972,331. Lane-Scott Electric Cooperative, Inc. ended the year with total margins of \$897,164. On October 28, 2002 the Lane-Scott Electric Cooperative, Inc. Board of Trustees voted unanimously to exit High Plains Energy, LLC. It was becoming clear that as High Plains Energy continued to grow, Lane-Scott Electric Cooperative, Inc. size would put restrictions on our cooperative. Lane-Scott Electric Cooperative, Inc. wants to wish High Plains Energy, LLC much success in their future.

Sunflower Electric Power Corporation has kept the power coming our way and at a cost that has given Lane-Scott the opportunity to make significant improvements in our plant. Holcomb II is progressing very well so you can look at a bright future from your G&T.

At the end of 2002, Lane-Scott Electric Cooperative, Inc. had a total of \$13,307,995 in utility plant. Maintaining our electrical system is a big job and our linemen go out in many difficult weather conditions to make sure that our members have electricity to run their homes and businesses. Lane-Scott Electric Cooperative, Inc. has a maintenance program in place to help keep our outage time to a minimum and increase the quality of our service. On a yearly basis we will test at least 2000 poles for soundness, this is much cheaper than just replacing all poles. KEC does our OCR (Oil Circuit Recloser) testing,

we do about one-third of our system each year. This year we have also replaced at least 600 older insulators that were susceptible to lightening. Our crews have completed a formal line patrol that is required by RUS every three years; this gives us the opportunity to review much of our plant that may not be seen regularly. Lane-Scott has also installed automatic meter reading (AMR) meters; we currently have 600 installed mostly on the east part of the system, north of Healy and the Scott Park area. Lane-Scott is making good progress on their 2002-2005-construction work plan, at this point we are ahead of schedule. In November of 2002 our Board of Trustees voted to install a back-up 5000 KVA transformer in the Manning substation, as we have no way to back feed that area. This project will be completed by November 1, 2003. Maintaining our system is something we take pride in at Lane-Scott Electric Cooperative, Inc.

Lane-Scott Board of Trustees implemented a plan to pay back capital credits on a 20 year rotation, this plan was continued in 2002 paying back to its members \$184,152 in capital credits and estate retirements. To date Lane-Scott Electric Cooperative, Inc. has returned to its members \$1,140,244 in the form of capital credits and estate retirements.

High Line Services, LLC a wholly owned subsidiary of Lane-Scott Electric Cooperative, Inc. was formed this last year. High Line Services will have these divisions: power line construction, pole testing and infrared testing. The investment that was made by Lane-Scott was not only an opportunity for extra income but also economic development for our community.

Today's youth will be the future of this cooperative and all other cooperatives. With this as a goal, your Board of Trustees has set in place a youth program to help educate and give first hand experience in cooperative business. Lane-Scott is sponsoring two youth trips; one to Washington D.C. and the other to Steamboat Springs to help promote the youth in our future. Lane-Scott Board of Trustees has started a Junior Board of Directors to give first hand experience in the workings of a cooperative board and educate them on what the rural electric industry is all about.

You can be rightfully proud of your Lane-Scott employees. Their diligence and competence keeps the lights on without causing danger to employees or the public. We are thankful for good patronage from our members and our good employees.

Sincerely,
Larry Jasper
President

Earl N. Steffens
General Manager

Groups Warn About Credit Counseling Agencies

As more Americans seek assistance for serious debt problems, the National Consumer Law Center (NCLC) and the Consumer Federation of America (CFA) have issued a report detailing the severe threat to consumers from a new generation of credit-counseling agencies. The comprehensive study found that, unlike the previous generation of mostly creditor-funded counseling services, these new agencies often harm debtors with improper advice, deceptive practices, excessive fees and abuse of their non-profit status.

According to the CFA, an estimated nine million Americans have some contact with a consumer credit counseling agency each year. The CFA acknowledged in their report that not all credit counseling agencies are a threat to consumers; however, this new generation of fee-driven agencies is on the rise given a recent decline of funding to these agencies from major banks, beginning in the

mid-1990s.

“The findings of this report show that the credit counseling industry has undergone an alarming transformation in the last decade,” said Deanne Loonin, staff attorney for the NCLC. “More consumers are getting bad advice and access to fewer real counseling options. Meanwhile, most state and federal regulators appear to be asleep at the switch.”

Since the release of the study, the Internal Revenue Service has begun investigating one of the claims made in the report, which is the abuse of the non-profit status of these agencies. Cambridge Credit Counseling, for example, reported a net gain of \$7.3 million for 2000, according to the study.

The Better Business Bureau (BBB) reported in 2002 that complaints about credit counseling agencies nationwide had increased to 1,480, up from 261 in 1998. Among the complaints are deceptive and misleading practices such as failing to

disclose fees to consumers and not making consumers’ payments on time to their debtors.

The study recommends the following tips to consumers in seeking out a credit-counseling agency:

Shop around. Visit with more than one or two agencies and at least some in person. Call the BBB to see if the company you’re considering has had complaints.

Look for a range of services besides debt consolidation. Reputable agencies typically offer budget counseling or saving management in addition to debt consolidation.

Understand all the costs involved and get a quote in writing. If a set-up fee for a debt management plan exceeds \$50, and monthly fees exceed \$25, look elsewhere.

Ask how the agency compensates employees. If they work on commission, it’s best to look somewhere else.

Source: CFA

New \$20 Bills To Be Introduced In Fall 2003

Counterfeiters will be hard pressed to fake the new \$20 bills coming out this fall, says the U.S. Bureau of Printing and Engraving and the Federal Reserve Board.

The bills will still be mostly green, but for the first time since 1905 they will have color on them. Subtle green, peach and blue colors will be featured in the background of the bills. While the colors will be subtle, it will make it more difficult for counterfeiters. The \$20 bill is the most commonly counterfeited bill in the U.S.

According to the Bureau of Printing and Engraving, new designs for the \$50 and the \$100 bills will be issued in 2004 and 2005. Redesign of the \$5 and \$10 notes is under consideration, but the \$1 and \$2 notes will not be redesigned. Even after the new money is issued, older-design notes will remain legal tender.

Other features of the \$20-bill redesign include enhanced portraits of Andrew Jackson on the face side and an enhanced

image of the White House on the back. There will also be a blue eagle in the background and a metallic green eagle and shield to the right of the portrait.

Three main security features will remain and are easy for consumers to check:

The watermark—the faint image similar to the large portrait, which is part of the paper itself and is visible from both sides when held up to the light.

The security thread—also visible from both sides when held up to the light, this vertical strip of plastic is embedded in the paper and a small flag and the words “USA TWENTY” are visible along the thread.

The color-shifting ink—the numeral “20” in the lower-right corner on the face of the note changes from copper to green when the note is tilted. The color shift is more dramatic and easier to see on the new notes.

Counterfeiters are increasingly turning to digital methods, as advances in technology make digital counterfeiting of currency easier and cheaper. In 1995, for example, less than 1 percent of counterfeit notes detected in the U.S. were digitally produced. By 2002, that number had grown to nearly 40 percent, according to the U.S. Secret Service.

According to a May 13th USA Today article, \$127 million in counterfeit money has been seized in the United States over the past five years.

Source: Bureau of Engraving and Printing; USA Today



The Bureau of Engraving and Printing