Lane-Scott
CONNECTIONS
A Touchstone Energy® Cooperative
Lane-Scott Electric Cooperative
P.O. Box 758, 410 S. High Street, Dighton, KS 67839 • Phone 620-397-5327 • www.lanescott.coop
May 2009

Lane-Scott Electric Cooperative, Inc.

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In Case of Outage

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

24-Hour Electrician 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.

From the Manager... 2008 Review

Acquisition

The Aquila acquisition took place on April 1, 2007, and we have had almost two years to get to know each other. I feel both the Lane-Scott native system and the new territories acquired during the Aquila sale are coming together nicely.

Earl Steffens

The next phase to take place is for Mid-Kansas Electric Co-operatives (MKEC) to take the necessary steps to officially dissolve and make the former Aquila customers in our area Lane-Scott members. Lane-Scott will then proceed with a deregulation vote of the MKEC members.

Community

Lane-Scott is committed to the improvement of all the communities we serve. This is done either with volunteer work, monetary donations or just helping when we are needed. Community and youth activities are vital to the success of our communities, and we work hard to help out in both of these areas. Lane-Scott has remodeled their web site *www.lanescott.coop* and would encourage you to use it for your energy efficiency needs.

"Lane-Scott is committed to the communities we serve."

Construction

In 2008, Lane-Scott has seen some very good things at our co-operative. I am sure you have all noticed the amount of new line that has been going up in all areas of the cooperative. We made great strides in 2008 rebuilding from the December 30, 2006, ice storm that hit our system.

We have completed approximately 230 miles of the 375 miles that needed to be repaired or replaced. Lane-Scott has had three construction crews and our own crews working full or part-time to get this accomplished. It is our goal to have all the Federal Emergency Management Agency (FEMA) work completed by July 2010; if we don't have any large storms come through our territory.

This has been a tremendous undertaking for our cooperative,

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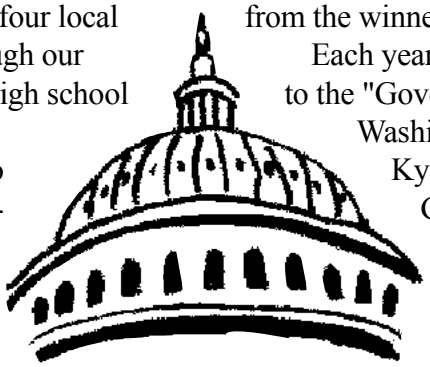
Essays from Lane-Scott's 200

Lane-Scott Electric has selected four local youth to attend leadership trips through our annual Youth Competition for area high school juniors.

This year, students were asked to write an essay that answers the question: "How have the services from Lane-Scott Electric Cooperative make our lives better?"

Below you will find the essays from the winners of this year's competition.



Each year Lane-Scott sends two students to the "Govenment in Action" Youth Tour in Washington, D.C. The 2009 winners are Kyle Grose, son of Rick and Dawna Grose and Matraca Mann, daughter of Kalo and Tammy Mann. They will join 32 Kansas youth and travel to Washington, D.C., June 11-18. They will join about

Kyle Grose

Many people would think that electricity has been more influential in urban areas of the world. However, taking a closer look at the rural area in which we live in, it is evident that our lives have also been greatly affected. Living on a farm, I've learned to rely on this privilege for many everyday tasks.

On our farm, electricity runs our pumps that run water to our cattle. Some of our fences are also hooked up to electricity. In our shed, welders and power tools all need electricity to work and are also just as important to farmers as a computer is to a businessman.

When it comes to other perspectives in my life, electricity runs many tools that help me get through my day. My computer and cell phone are both very important to my day and electricity keeps them working. It is unbelievable to think about the things I use every day and how the majority of them use electricity in some way.

In 1935, the Rural Electric Administration was created to bring electricity to rural areas of America. Today, the technology has advanced greatly and thanks to you, Lane-Scott Electric, you keep doing what Franklin Roosevelt started. The service you provide is both convenient and essential.

Matraca Mann

Have you ever wondered what it would be like without electricity?

If so, by now you have already gotten a taste of life without it, at least for a short time, thanks to the big ice storm in 2007. I had always wondered what it would be like, and after finding out, I was very glad to have the employees of Lane-Scott working all those long hours to get power back on.

Lane-Scott also helps our community in many other ways, not just by keeping our electricity on. They have helped sponsor the high school electrathon team, donated to the drafting/CAD class and have sponsored many other events and activities.

They also help the community during the holidays by putting up the Christmas lights around town. It's great to have such a wonderful group of people working toward keeping our community strong.

I'm sure that there are many people in this community that are grateful for all the things that Lane-Scott does for us, just as I am. They work their hardest to keep people happy, and in return, they are always happy to help.

09 Youth Competition Winners

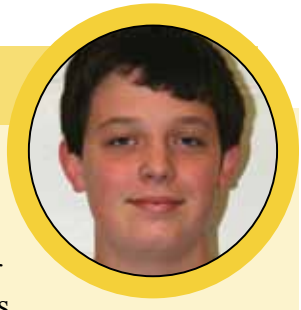
1,500 other youth seeing the United States "Government in Action". They will visit their Congressmen, various government agencies and sites of historical significance.

The cooperative also sends two students to the Cooperative Youth Leadership Camp in Steamboat Springs, Colorado.

This year's winners are Chase Rein, son of Steve and Cheryl Rein, and Jared Stieben, son of Nick and Tonetta Stieben. They will join approximately 100 youth from a four-state area participating in the Cooperative Youth Leadership Camp July 11-17.

During their stay, the youth will become acquainted with energy challenges, visit sites around Steamboat Springs, Mt. Werner, Fish Creek Falls and tour one of the largest electrical generating plants in the Rockies.

Chase Rein



Lane-Scott enhances the quality of life for many farmers in our area. Electricity makes life easier by reducing the time it takes to do important tasks on the farm. Electricity also makes every day chores more cost efficient. Without electricity, life on the farm would be very different that it is today.

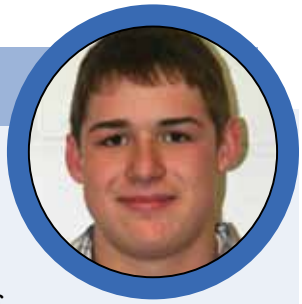
A prime example of how it makes life easier is an electric fence. Compared to barbed wire, it is more cost and time effective. We have built miles of electric fence as a temporary source of containment for cattle grazing on wheat and other crops.

Electric tools are also important assets to a farmer. Welders, air compressors, and most power tools require electricity. For instance, an electric welder can save money and time repairing parts that would otherwise have to be replaced. Without the services of Lane-Scott, welding would be impossible.

Electricity also makes life more enjoyable for farming families. It allows them to enjoy the Internet and cable television. It keeps us connected to relatives, friends and businesses.

Lane-Scott has improved the life of farmers through the years by providing electricity to rural areas. Without electricity, the lives of farmers would be more difficult and costly.

Jared Stieben



As I sat down to ponder "how the services from Lane-Scott Electric have made my life better" I found myself naturally thinking of electricity.

It amazes me how Lane-Scott is able to capture the wonderful creation of electricity for my benefit. Most of us rarely think about the things that need to happen to make electricity.

Throughout my day, I perform a number of tasks that require electricity. At the flick of a switch, water runs out of our well to our cattle. At the touch of a button, electricity rushes to my power tools that enable me to make repairs on our farm.

Electricity zips to the electric fences to contain our cattle when grazing wheat. Farming and ranching would be much more difficult without electricity.

I realize that I seldom take the time to consider all that is involved in making electricity. I often take for granted the luxuries that are made possible by electricity. It is not until I am without power that I realize how dependant I am. Thank you Ben Franklin for changing the world with electricity. Thank you Lane-Scott Electric for providing it to me.

but once completed will give Lane-Scott a much improved system.

Our 2009-2012 construction work plan includes all the FEMA activity as well as our normal maintenance and construction to keep our system reliable for our members.

One area of the construction work plan is improved projects. These projects consist of major tie lines that will help us back feed from one substation to another in case of major outages. These are now in progress and should be completed by July 2010.

Financial

Financially, Lane-Scott showed a bottom line margin of $595,131 which produced a Times Interest Earned Ratio (TIER) of 2.25. We need a minimum TIER of 1.25 to meet our financial covenants of our lenders.

The margins for the company came from our resale department, city contracts, interest earned, High Line Services, LLC, and other patronage capital credits. Our electric side showed a loss of $362,579. This was due mainly to the cost of power from Sunflower Electric Power Cooperation, our power supplier.

Sunflower had to go on the open market to buy high-priced gas to be able to generate all the electricity needed for all its members, this emphasizes the need for the Holcomb Power Plant in western Kansas. Without the base-load generation resources of coal, all the solar, wind or other renewables will not help us maintain the low cost of energy in the future.

"This year, Lane-Scott had the largest growth in its history."

Sunflower continues to be a valuable partner for us. Sunflower is where we buy our power from but it is also provides expertise is many areas that benefit Lane-Scott and its members, such as economic development, the Aquila acquisition, youth activities and assistance with anything we need. Sunflower has also been working tirelessly to get the Holcomb Power Plant to become a reality. Lane-Scott and our members appreciate their efforts.

Growth

This year, Lane-Scott had the largest growth in its history. We installed 175 new services. The majority of new services were oil wells or irrigation, both new and converted from other energy sources to electric. Our linemen and office staff have been extremely busy getting these new services in place as well as keeping up with the FEMA activity.

High Line Services, LLC

High Line Services, LLC, had a good year financially. This year we have expanded our crews to fill a need in western Kansas. We have two crews working for Pioneer Electric in Ulysses; three crews working for Victory Electric in Dodge City; and two crews working at Lane-Scott Electric. These are FEMA contracts that we expect to continue for the next couple of years.

The margins for High Line Services, LLC were $778,520. High Line Services also received a "No Lost-Time Accident" certification for 107,000 hours worked without any lost-time.

Safety

Safety is never taken for granted at Lane-Scott. Our employees have a regular scheduled monthly safety meeting with instruction from Kansas Electric Cooperatives, Inc., (KEC), our statewide association. This year, our employees received a certificate for "No Lost-Time Accidents" of 452,691 hours worked without a lost-time accident.

The safety of our employees and our members is always on our minds as we do the work necessary to keep the lights on for your home and business, as well as bringing our employees home safely each night to their families.

Wholesale Contracts

Lane-Scott and the City of Dighton continue to work together on both the operations and maintenance agreements for the city's electrical system and the purchase of wholesale power. This relationship has had many positive benefits for both sides, and we continue to see this as a good thing as we move forward.

In closing, 2008 was a challenging and interesting year. With the help and support of our Lane-Scott employees, Sunflower, KEC our members and the local communities, we continue to meet whatever comes our way. Lane-Scott is excited about 2009 and we look forward to working with all of you in the future.