

MINUTES
SOUTHSIDE ELECTRIC COOPERATIVE
MEETING OF THE BOARD OF DIRECTORS
APRIL 20, 2023 @ 1:30 PM
SEC HEADQUARTERS BOARDROOM

PRESENT: Frank W. Bacon (Chair)
Earl C. Currin, Jr. (Vice Chair)
Paul S. Bennett (Secretary)
Charles J. Friedl (Treasurer)
Brenda H. Johnson
Kristie Martin-Wallace
Clive C. Pettis, Sr.
Sarah W. Saunders (Remote)
William T. White

Frank F. Rennie (General Counsel)
Lori T. LaPradd (Minute Taker)

STAFF: Jason C. Loehr, President/CEO
George A. Felts, VP of Engineering & Operations
Jacob McCann, VP of Human Resources
Ronald O. White, VP of Governmental & Regulatory Affairs
Sheena L. Lankford, VP of Member Engagement & Communications

Dr. Frank Bacon presided, and Ron White gave the invocation.

PREVIOUS MINUTES

On motion made and seconded:

The Minutes of the March 16, 2023, Regular Board Meeting are approved.

MOTION CARRIED

ODEC REPORT

The ODEC Board did not meet this month.

PRESIDENT/CEO'S REPORT

1. The SEC Financial and Statistical report for March 2023 was reviewed and is attached to and made a part of the Minutes.
2. The Board was provided information regarding cybersecurity events during the month of March 2023.
3. The Institute of Electrical & Electronics Engineers (IEEE) outage data and safety report for March 2023 were reviewed in detail:

IEEE Outage Data

- a. System SAIDI, SAIFI and CAIDI were below historical values for the month.
 - b. There were no Appalachian Power Company (APCO) or Dominion Energy (DE) or Southside Electric Cooperative (SEC) power supply outages for the month.
 - c. There were no major event days during the month.
3. Operations:
- a. New service activity was above average for the month of March with 85 new work orders completed.
 - b. Outage causes:
 - Trees 31.0% or 65 outages; 53 outside the right-of-way
 - Animals 16.0% or 34 outages
 - Fault/Failure 15.0% or 32 outages
 - Unknown 11.0% or 22 outages
 - Public 11.0% or 22 outages
 - Maintenance/Planned 11.0% or 22 outages
 - Decay/Age 5.0% or 10 outages
4. HR and Safety Report
- a. The average number of employees for the month of March was 137.
 - b. There were no lost-time injuries in March 2023.
 - c. As of April 20, 2023, employees have worked 207 days without a loss time injury.
5. Jason Loehr presented a portion of the ODEC FRED report that shows the risk to PJM's grid reliability due to the accelerated retirements of reliable generation. PJM was close to experiencing rolling blackouts during Winter Storm Elliott which could have impacted SEC members. SEC will be active educating public officials, its employees, and its members of this risk.

NEW BUSINESS

1. 2022 Compensation Study:
 - a. Intandem LLC conducted the study.
 - b. National Rural Electric Cooperative Association (NRECA) National Compensation System (NCS) represents over 800 electric distribution and generation cooperatives (97%) and provides direct, actual reported salary data for similar sized cooperatives. NCS data contains over 52,000 salary data points and 250 benchmark positions.
 - c. Establishing the model:
 - Select benchmark positions with best fit.

- Utilize market references from Virginia, regional (Florida, Georgia, North Carolina, South Carolina & VA) and National.
 - Competitive positioning is midway between regional average and third quartile for systems having 50,000 or more members.
- d. Recommendations:
- Adopt the updated plan with overall salary structure increase of 4.3%.
- e. If approved, pay increases would be effective July 1, 2023.

On motion made and seconded:

“The Compensate Study is approved as presented.”

MOTION CARRIED

2. Sheena presented the proposed plan for the 2023 Annual Meeting of the Membership. It was proposed and agreed that SEC stays with the business meeting only format. The following changes will be made to this year’s event:
- a. Members will be required to register in advance of the event. Members can call in or register on the SEC website.
 - b. Proxy gift cards will be distributed both physically and electronically in order to include those members who choose not to hand deliver their proxies.
3. The Federated Insurance selection of voting delegate is needed:
- a. Delegate: William White
 - b. Alternate: Charles Friedl

On motion made and seconded:

“The Federated Insurance voting delegate and alternate are approved as appointed.”

MOTION CARRIED

4. In preparation for the National Cooperative Services Corporation (NCSC) Annual Meeting, selection of voting delegates is needed:
- a. Delegate: William White
 - b. Alternate: Charles Friedl

On motion made and seconded:

“The NCSC voting delegate and alternate are approved.”

MOTION CARRIED

5. A voting delegate and alternate are needed for the National Rural Telecommunication Cooperative (NRTC):
- a. Voting Delegate: William White
 - b. Alternate: Charles Friedl

On motion made and seconded:

“The NRTC voting delegate and alternate are approved as appointed.

MOTION CARRIED

6. In preparation for the Virginia, Maryland & Delaware Association of Electric Cooperatives (VMDAEC) Annual Meeting, selection of directors and voting delegates are needed:
 - a. Directors: Frank W. Bacon and Jason C. Loehr
 - b. Voting Delegate: Frank W. Bacon and Jason C. Loehr

On motion made and seconded:

“The VMDAEC voting delegates and alternates are approved as appointed.”

MOTION CARRIED

LEGAL REPORT

1. Frank Rennie proposed several Bylaw recommended amendments for the Board regarding the SEC Election and 2023 Annual Meeting.
 - a. Article III, Section 3 Notice of Meeting – Registration for member attendance at the Annual Meeting may be required.
 - b. Article III, Section 4 Quorum – The Board may amend the Bylaw to increase or decrease the Member Quorum prior to the commencement of the member meeting.
 - c. Article III, Section 6 Proxies – Such proxy shall be delivered either by United States mail to the organization designated by the Board for receiving, counting, and certifying the election results or in person and shall be required to reach the main offices of the Cooperative or District before 5:00 p.m. on the Wednesday immediately preceding the date of such meeting at which the same is to be voted.
 - d. Article IV, Section 5 Nominations – The nominations by petition shall be filed with the Secretary of the Cooperative not later than close of business on the third Wednesday of July preceding the Annual Meeting.
 - e. Article XII, Amendments – These Bylaws may be adopted, amended or repealed by the affirmative vote of two-thirds (2/3) of members present at a member meeting or a majority of the Board of Directors, either in person or by proxy.
 - f. Remove Article XV

On motion made and seconded:


“The Board approved the recommended changes to the Bylaws as presented. These changes will be presented at the September 2023 Annual Meeting.”

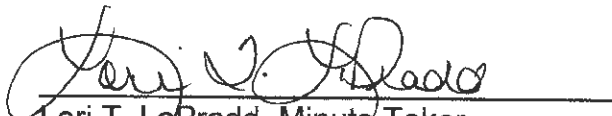
MOTION CARRIED

EXECUTIVE SESSION, DIRECTOR COMMENTS/CONCERNS & ADJOURNMENT

There being no further business to discuss, the meeting adjourned at 4:11 pm. The next meeting of the Board of Directors is scheduled for Thursday, May 18, 2023, at 1:30 pm at the Headquarters Boardroom.


Paul S. Bennett, Secretary


Frank W. Bacon, Chair


Lori T. LaPradd, Minute Taker

STATEMENT OF GENERAL FUNDS AND OTHER ASSETS
March 31, 2023

General Fund

Cash in Banks 3,349,752.43

General Funds Invested

CFC - CTC's	1,977,666.02
CFC - Patronage Capital	3,366,499.85
Federated Insurance Corporation	579,787.00
TEC Trading Incorporated	622,500.00
Town of Hurt	1,000.00

Notes and Accounts Receivable

Electric Consumer	8,476,194.75
Other Accounts Receivable	27,564,092.45

45,937,492.50

Material and Supplies in Stock 3,891,149.00

Construction Work in Progress
to be Paid from Construction Funds 0.00

TOTAL 49,828,641.50

Construction Funds Available
First Citizens Bank 0.00

NOTES STATISTICS

	<u>CFC</u>	<u>RUS & FFB</u>	<u>COBANK</u>	<u>CFC, COBANK & FIRST CITIZENS BANK</u>
Balance Available for Advance				34,000,000.00
Gross Obligations	37,998,604.35	157,071,208.34	10,477,250.17	4,000,000.00
Interest Paid This Year	471,480.83	1,104,822.70	110,396.94	13,979.05

**Southside Electric Cooperative
For the Month Ending March 2023**

Comparative Operating Statistics

	Y-T-D 2022	Y-T-D 2023	March 2023
New Services Connected	181	222	84
Meters Removed	521	426	158
Meters Reinstalled	328	342	135
Services Idle, Excluding Seasonal	4,270	4,637	4,637
Number of Services Retired	16	12	5
Total Consumers Receiving Service	58,314	58,700	58,700
Total Miles Energized	8,412	8,456	8,456

Meters Installed - New Services

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
January	52	83	72	61	40	70
February	52	48	49	31	41	68
March	41	66	58	47	100	84
April	52	55	53	90	48	
May	52	72	70	75	59	
June	54	42	43	83	74	
July	67	79	69	63	54	
August	72	68	63	70	84	
September	50	62	57	71	76	
October	47	90	75	88	64	
November	45	31	33	68	65	
December	32	71	68	77	54	
Total	616	767	710	824	759	222

04/14/2023 11:41:13 pm

Page: 1

General Ledger

Financial And Operating Report Electric Distribution

INCOME STATEMENT FOR MAR 2023

Item	-----Year - To - Date-----			-----Period - To - Date-----	
	Last Year	This Year	Budget	Current	Budget
1. Operating Revenue and Patronage Capital	34,099,849.60	35,501,300.89	38,027,727.99	11,487,264.75	10,826,501.33
2. Power Production Expense	0.00	0.00	0.00	0.00	0.00
3. Cost of Purchased Power	17,813,440.91	20,410,013.21	22,264,289.00	6,255,256.08	6,241,958.00
4. Transmission Expense	1,814.24	34,534.55	10,059.00	4,216.08	3,353.00
5. Regional Market Expense	0.00	0.00	0.00	0.00	0.00
6. Distribution Expense - Operation	1,133,714.41	1,249,142.68	1,288,695.00	443,562.39	429,565.00
7. Distribution Expense - Maintenance	6,346,799.76	4,229,885.44	4,193,882.00	1,652,114.04	1,396,294.00
8. Customer Accounts Expense	561,488.89	491,825.20	611,745.99	192,509.82	198,915.33
9. Customer Service and Informational Expense	798,192.17	884,360.12	841,041.00	276,722.00	270,347.00
10. Sales Expense	113,555.49	150,129.26	155,898.00	65,751.25	51,966.00
11. Administrative and General Expense	1,492,595.83	1,550,396.52	1,668,546.00	529,057.36	527,157.00
12. Total Operation & Maintenance Expense (2 thru 11)	28,261,601.70	29,000,286.98	31,034,155.99	9,419,189.02	9,119,555.33
13. Depreciation & Amortization Expense	3,024,769.97	3,106,661.17	3,105,249.99	1,036,130.91	1,035,083.33
14. Tax Expense - Property & Gross Receipts	436,941.00	432,600.00	432,600.00	144,200.00	144,200.00
15. Tax Expense - Other	0.00	0.00	0.00	0.00	0.00
16. Interest on Long-Term Debt	1,268,260.80	1,686,700.47	1,640,949.00	591,951.95	546,983.00
17. Interest Charged to Construction - Credit	0.00	0.00	0.00	0.00	0.00
18. Interest Expense - Other	15,060.89	33,538.03	28,752.00	7,197.58	9,584.00
19. Other Deductions	3,324.49	51,459.96	15,000.00	2,673.04	5,000.00
20. Total Cost of Electric Service (12 thru 19)	33,009,958.85	34,311,246.61	36,256,706.98	11,201,342.50	10,860,405.66
21. Patronage Capital & Operating Margins (1 minus 20)	1,089,890.75	1,190,054.28	1,771,021.01	285,922.25	-33,904.33
22. Non Operating Margins - Interest	24,965.59	23,204.10	34,998.00	7,966.50	11,666.00
23. Allowance for Funds Used During Construction	0.00	0.00	0.00	0.00	0.00
24. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00	0.00
25. Non Operating Margins - Other	3,095,513.80	4,034.82	-3,750.00	1,662.74	-1,250.00
26. Generation and Transmission Capital Credits	174,999.99	178,041.99	174,999.99	61,375.33	58,333.33
27. Other Capital Credits and Patronage Dividends	193,751.90	136,283.82	145,000.00	136,283.82	145,000.00
28. Extraordinary Items	0.00	0.00	0.00	0.00	0.00
29. Patronage Capital or Margins (21 thru 28)	4,579,122.03	1,531,619.01	2,122,269.00	493,210.64	179,845.00
Operating - Margin	4,579,122.03	1,531,619.01	2,122,269.00	493,210.64	179,845.00
Non Operating - Margin	0.00	0.00	0.00	0.00	0.00
Times Interest Earned Ratio - Operating	1.86	1.71			
Times Interest Earned Ratio - Net	4.61	1.91			
Times Interest Earned Ratio - Modified	4.32	1.72			

04/14/2023 11:41:14 pm

Page: 1

General Ledger Financial And Operating Report Electric Distribution

BALANCE SHEET FOR MAR 2023

	Last Year	This Year	Variance
ASSETS AND OTHER DEBITS			
1. Total Utility Plant in Service	386,566,010.79	397,101,913.99	10,535,903.20
2. Construction Work in Progress	11,346,973.47	6,352,808.03	-4,994,165.44
3. Total Utility Plant (1 + 2)	397,912,984.26	403,454,722.02	5,541,737.76
4. Accum. Provision for Depreciation and Amort.	145,204,643.20	153,345,902.47	8,141,259.27
5. Net Utility Plant (3 - 4)	252,708,341.06	250,108,819.55	-2,599,521.51
6. Non-Utility Property (Net)	12,716.57	9,599.70	-3,116.87
7. Invest. in Subsidiary Companies	0.00	0.00	0.00
8. Invest. in Assoc. Org. - Patronage Capital	51,850,414.49	52,761,118.37	910,703.88
9. Invest. in Assoc. Org. - Other - General Funds	2,552,433.52	2,558,453.02	6,019.50
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0.00	0.00	0.00
11. Invest. in Economic Development Projects	0.00	0.00	0.00
12. Other Investments	709,645.33	707,208.32	-2,437.01
13. Special Funds	0.00	0.00	0.00
14. Total Other Property & Investments (6 thru 13)	55,125,209.91	56,036,379.41	911,169.50
15. Cash - General Funds	5,624,613.76	3,349,752.43	-2,274,861.33
16. Cash - Construction Funds - Trustee	0.00	0.01	0.01
17. Special Deposits	0.00	0.00	0.00
18. Temporary Investments	0.00	0.00	0.00
19. Notes Receivable (Net)	7,857.96	0.00	-7,857.96
20. Accounts Receivable - Sales of Energy (Net)	8,137,443.73	8,476,194.75	338,751.02
21. Accounts Receivable - Other (Net)	21,477,370.23	27,564,092.45	6,086,722.22
22. Renewable Energy Credits	0.00	0.00	0.00
23. Material and Supplies - Electric & Other	3,403,266.46	3,891,149.00	487,882.54
24. Prepayments	185,909.52	133,889.81	-52,019.71
25. Other Current and Accrued Assets	6,137,089.67	7,156,933.57	1,019,843.90
26. Total Current and Accrued Assets (15 thru 25)	44,973,551.33	50,572,012.02	5,598,460.69
27. Regulatory Assets	0.00	0.00	0.00
28. Other Deferred Debits	117,873.03	57,970.66	-59,902.37
29. Total Assets and Other Debits (5 + 14 + 26 thru 28)	352,924,975.33	356,775,181.64	3,850,206.31

04/14/2023 11:41:14 pm

Page: 2

General Ledger Financial And Operating Report Electric Distribution

BALANCE SHEET FOR MAR 2023

	<u>Last Year</u>	<u>This Year</u>	<u>Variance</u>
LIABILITIES AND OTHER CREDITS			
30. Memberships	240,215.00	241,480.00	1,265.00
31. Patronage Capital	116,795,069.05	125,038,071.14	8,243,002.09
32. Operating Margins - Prior Years	0.00	0.00	0.00
33. Operating Margins - Current Year	4,579,122.03	1,531,619.01	-3,047,503.02
34. Non-Operating Margins	0.00	0.00	0.00
35. Other Margins and Equities	3,327,927.18	3,546,642.92	218,715.74
36. Total Margins & Equities (30 thru 35)	124,942,333.26	130,357,813.07	5,415,479.81
37. Long-Term Debt - RUS (Net)	0.00	0.00	0.00
38. Long-Term Debt - FFB - RUS Guaranteed	151,151,009.42	151,933,704.51	782,695.09
39. Long-Term Debt - Other - RUS Guaranteed	0.00	0.00	0.00
40. Long-Term Debt - Other (Net)	48,371,563.72	43,811,365.62	-4,560,198.10
41. Long-Term Debt - RUS Econ. Devel. (Net)	0.00	0.00	0.00
42. Payments - Unapplied	0.00	0.00	0.00
43. Total Long-Term Debt (37 thru 41 - 42)	199,522,573.14	195,745,070.13	-3,777,503.01
44. Obligations Under Capital Leases - Noncurrent	0.00	0.00	0.00
45. Accumulated Operating Provisions	53,212.10	39,809.18	-13,402.92
46. Total Other Noncurrent Liabilities (44 + 45)	53,212.10	39,809.18	-13,402.92
47. Notes Payable	3,000,000.00	4,000,000.00	1,000,000.00
48. Accounts Payable	7,109,378.08	8,469,916.22	1,360,538.14
49. Consumers Deposits	2,203,696.77	2,499,156.71	295,459.94
50. Current Maturities Long-Term Debt	10,675,130.00	9,801,992.73	-873,137.27
51. Current Maturities Long-Term Debt - Econ. Devel.	0.00	0.00	0.00
52. Current Maturities Capital Leases	0.00	0.00	0.00
53. Other Current and Accrued Liabilities	3,247,687.78	2,813,589.90	-434,097.88
54. Total Current & Accrued Liabilities (47 thru 53)	26,235,892.63	27,584,655.56	1,348,762.93
55. Regulatory Liabilities	0.00	0.00	0.00
56. Other Deferred Credits	2,170,964.20	3,047,833.70	876,869.50
57. Total Liab. & Other Credits (36+43+46+54 thru 56)	352,924,975.33	356,775,181.64	3,850,206.31
Current Assets To Current Liabilities	1.71	to 1	1.83
Margins and Equities To Total Assets	35.40	%	36.54
Long-Term Debt To Total Utility Plant	50.14	%	48.52

Statements of Cash Flows
Southside Electric Cooperative

	Period ended March 31, 2023	Period ended March 31, 2022
Cash flows from operating activities		
Electric revenue received	\$ 41,453,750	\$ 36,592,630
Power supply paid	(22,226,777)	(17,941,374)
Operating expenses paid	(12,113,672)	(12,236,292)
Interest received	23,204	24,966
Interest paid	(1,720,239)	(1,310,189)
FEMA monies received	96,505	-
	<hr/>	<hr/>
<i>Cash flows provided by operating activities</i>	5,512,771	5,129,741
Cash flows from investing activities		
Investment in electric plant, net	(2,656,144)	(3,596,695)
Installment loans issued	(781,423)	(604,135)
Proceeds from retirement of CTC's	(11,130)	19,304
	<hr/>	<hr/>
<i>Cash flows used in investing activities</i>	(3,448,697)	(4,181,526)
Cash flows from financing activities		
Proceeds from lines of credit	8,548,743	3,000,000
Payments on lines of credit	(4,548,743)	-
Principal payments on long term debt	(2,697,329)	(2,908,498)
Capital credits paid to members, net	(96,249)	(128,466)
Proceeds from capital credits	102,338	1,052,427
Deposits collected from customers	84,702	34,665
Net change in memberships	590	(120)
	<hr/>	<hr/>
<i>Cash flows (used) provided by financing activities</i>	1,394,051	1,050,008
Net change in cash	3,458,125	1,998,223
Cash (Overdraft) at December 31, 2022 and 2021	<hr/> (108,373) <hr/>	<hr/> 3,626,391 <hr/>
Cash at March 28, 2023 and 2022	<u><u>\$ 3,349,752</u></u>	<u><u>\$ 5,624,614</u></u>

PART D. CONSUMER SALES AND REVENUE DATA					March 2023		
CLASS OF SERVICE	THIS MONTH				YEAR-TO-DATE		
	No. Receiving Service a.	kWh Sold b.	Amount c.	No. Minimum Bills d.	Avg. No. Receiving Service e.	kWh Sold Cumulative f.	Amount Cumulative g.
1. Residential Sales (excl seas.)	56,243	56,260,031	9,541,542	20	56,180	225,127,047	30,006,694
2. Residential Sales Seasonal							
3. Irrigation Sales							
4. Comm. & Ind 1000 KVA or Less	1,989	4,011,695	650,173	9	1,988	13,853,073	1,680,782
5. Comm. & Ind Over 1000 KVA	18	6,311,732	579,346	0	18	19,807,733	1,784,202
6. Public St. & Highway Lighting							
7. Other Sales to Public Authority	450	4,282,703	594,213	2	449	14,647,094	1,691,440
8. Sales for Resale - REA Borr.							
9. Sales for Resale - Other							
10. (1 thru 9)	58,700	70,866,161	11,365,274	31	58,635	273,434,947	35,163,118
11. Other Electric Revenue	xxxxxxxxxxx	xxxxxxxxxxx	121,991	xxxxxxxxxxx	xxxxxxxxxxx	xxxxxxxxxxx	338,183
12. Total (10 + 11)	xxxxxxxxxxx	xxxxxxxxxxx	11,487,265	xxxxxxxxxxx	xxxxxxxxxxx	xxxxxxxxxxx	35,501,301
PART D. CONSUMER SALES AND REVENUE DATA							
ITEM	THIS MONTH a.	YEAR-TO-DATE b.	ITEM	THIS MONTH a.	YEAR-TO-DATE b.		
1. Net kWh Generated			6. Office Use	87,705	708,772		
2. kWh Purchased	79,833,163	257,707,684	7. Total unaccounted For (4 less 5 & 6),	8,879,297	(16,436,035)		
3. Interchange kWh - Net			8. Percent System Loss (7/4)x100 . .	11.12	(6.38)		
4. Total kWh (1 thru 3)	79,833,163	257,707,684	9. Maximum Demand (kW)	218,553	247,032		
5. Total kWh - Sold	70,866,161	273,434,947	10. Month When Maximum Demand Occurred . . .		February 2023		