

**MINUTES**  
**SOUTHSIDE ELECTRIC COOPERATIVE**  
**MEETING OF THE BOARD OF DIRECTORS**  
**OCTOBER 21, 2022 @ 1:30 PM**  
**SEC HQ BOARDROOM**

- PRESENT:** Frank W. Bacon (Chair)  
Earl C. Currin, Jr. (Vice Chair)  
Paul S. Bennett (Secretary) - Remote  
Charles J. Friedl (Treasurer)  
Brenda H. Johnson  
Kristie Martin-Wallace  
Clive C. Pettis, Sr.  
Sarah W. Saunders  
William T. White  
  
Frank F. Rennie (General Counsel)  
Lori LaPradd (Minute Taker)
- STAFF:** Jason C. Loehr, President/CEO  
George A. Felts, VP of Engineering and Operations  
Carol Myers, Chief Financial Officer  
Jacob McCann, VP of Human Resources  
Ronald O. White, VP of Governmental & Regulatory Affairs
- Guest(s):** Kim LaTulipe, System Professional Engineer  
Lauren Fleming, Vegetation Management Supervisor

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

**PREVIOUS MINUTES**

On motion made and seconded:

***After administrative corrections were made, the Minutes of the September 15, 2022, Regular Board Meeting, SEC 2022 Annual Meeting and SEC 2022 Reorganizational Meeting were approved.***

**MOTION CARRIED**

**ODEC REPORT**

The ODEC report was given by Dr. Earl Currin and Jason Loehr.

**PRESIDENT/CEO'S REPORT**

1. The SEC Financial and Statistical report for September 2022 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 September 2022.

3. The Institute of Electrical & Electronics Engineers (IEEE) outage data and safety report for September 2022 were reviewed in detail:

IEEE Outage Data

- a. System SAIDI, SAIFI were above historical values for the month and CAIDI was below historical values for the month.
- b. There were no Appalachian Power Company (APCO) supply outages for the month.
- c. There were two Dominion Energy (DE) supply outages both caused by Hurricane Ian and impacted Stoddert and Evergreen Substations.
- d. There was one major event during the month of September caused by Hurricane Ian.

Operations:

- a. Outage causes:
  - Trees 58.0% or 242 outages; 213 outside the right-of-way
  - Unknown 10.0% or 43 outages
  - Fault/Failure 9.0% or 38 outages
  - Animals 11.0% or 45 outages
  - Weather 4.0% or 17 outages
  - Public 2.0% or 10 outages
  - Maintenance/Planned 2.0% or 10 outages
  - Decay/Age 2.0% or 8 outages
  - Power Supply 1.0% or 4 outage
- b. New service construction activity was below average when compared to historical levels for the previous three-year average.

4. HR and Safety Report:

- a. The Board was provided with the following information regarding Safety and HR during the month of September.
  - There was one lost-time injury reported in September where an employee was traveling from Headquarters to the Western District office and had a vehicle accident at an intersection. The employee was out for 3 days due to injuries.
  - As of September 30<sup>th</sup>, employees have worked 26 days without a lost time injury.

**NEW BUSINESS**

1. The number of votes received per county at SEC's 2022 Annual Meeting was reviewed by the Board. These numbers reflect the importance of proxy voting and member participation in the annual meeting.

2. The Affirmative Action Plan:

- a. SEC continuously evaluates and updates recruitment sources, selection process, personnel activity and flow of applicants, job descriptions, workforce, and compensation system.
- b. SEC strives to hire the best candidate for each position based on skills, qualifications and fit for the Cooperative.
- c. As a federal contractor, SEC is subject to the nondiscrimination and affirmative action obligations of Executive Order 11246.
- d. The program is designed to fulfill the equal employment opportunity and affirmative action obligations of SEC.
- e. Separate written plans for minorities and women, individuals with disabilities, and protected veterans.
- f. The program data has been reviewed by legal counsel and found to be in order and in compliance.

On motion made and seconded:

***“The Board authorized the execution of the Affirmative Action Plan”.***

**MOTION CARRIED**

3. 2023 Vegetation Contract Review:

- a. Lauren Fleming presented a recommendation regarding extensions of the Vegetation and Aerial Trimming contracts in 2022 due to rising fuel, labor, and fleet/equipment increases and availability.
- b. Negotiations were held with Rocky Creek, Townsend, and Asplundh.
- c. Recommendations were presented to the Board and will be the basis for the Vegetation Budget request to be presented later this year.

On motion made and seconded:

***“The 2023 Vegetation Contract Recommendations presented to the Board were approved as presented”.***

**MOTION CARRIED**

4. Solar Interconnection Projects:

- a. Kim LaTulipe gave an informative presentation to the Board regarding the Distributed Generation of Solar Interconnection Applications and its impact on SEC.

**LEGAL REPORT**

1. Frank Rennie reported on outstanding legal matters around the state in addition to those impacting SEC directly.

2. The General Counsel reported on the property damage trial; *O'Connell v. SEC* that took place in Campbell County on October 3-5, 2022. After three days of testimony, the jury returned a verdict in favor of SEC.

**DIRECTOR COMMENTS/CONCERNS**

Dr. Earl Currin was presented with a certificate of achievement from the National Rural Electric Cooperative Association (NRECA) in recognition for successfully earning Director Gold.

**EXECUTIVE SESSION, AND ADJOURNMENT**

There being no further business to discuss, the meeting adjourned at 4:08 pm. The next meeting of the Board of Directors is scheduled for Thursday, November 17, 2022, at 1:30 pm at the SEC Headquarters Boardroom.

  
Paul S. Bennett, Secretary

  
Frank W. Bacon, Chair

  
Lori LaPadd, Minute Taker

STATEMENT OF GENERAL FUNDS AND OTHER ASSETS  
September 30, 2022

General Fund  
Cash in Banks 5,609,702.45

General Funds Invested  
CFC - CTC's 1,987,902.59  
CFC - Patronage Capital 3,399,991.86  
Federated Insurance Corporation 558,420.00  
TEC Trading Incorporated 622,500.00  
Town of Hurt 1,000.00

Notes and Accounts Receivable  
Electric Consumer 9,224,936.66  
Other Accounts Receivable 18,913,259.42

40,317,712.98

Material and Supplies in Stock 3,725,569.62

Construction Work in Progress  
to be Paid from Construction Funds 0.00

TOTAL 44,043,282.60

Construction Funds Available  
First Citizens Bank 0.00

NOTES STATISTICS

	<u>CFC</u>	<u>RUS &amp; FFB</u>	<u>COBANK</u>	<u>CFC, COBANK &amp; FIRST CITIZENS BANK</u>
Balance Available for Advance				38,000,000.00
Gross Obligations	40,138,625.80	159,595,778.23	11,046,052.74	0.00
Interest Paid This Year	1,532,863.11	2,228,866.52	330,932.86	0.00

**Southside Electric Cooperative  
For the Month Ending September 2022**

**Comparative Operating Statistics**

	Y-T-D 2021	Y-T-D 2022	September 2022
New Services Connected	591	576	76
Meters Removed	1,019	1,679	163
Meters Reinstalled	879	1,229	159
Services Idle, Excluding Seasonal	4,107	4,536	4,536
Number of Services Retired	23	36	5
Total Consumers Receiving Service	58,096	58,427	58,427
Total Miles Energized	8,391	8,434	8,434

**Meters Installed - New Services**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
January	38	52	83	72	61	40
February	50	52	48	49	31	41
March	59	41	66	58	47	100
April	62	52	55	53	90	48
May	59	52	72	70	75	59
June	69	54	42	43	83	74
July	57	67	79	69	63	54
August	57	72	68	63	70	84
September	46	50	62	57	71	76
October	61	47	90	75	88	
November	52	45	31	33	68	
December	44	32	71	68	77	
Total	654	616	767	710	824	576

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# General Ledger

## Financial And Operating Report Electric Distribution

### INCOME STATEMENT FOR SEP 2022

Item	-----Year - To - Date-----			-----Period - To - Date-----	
	Last Year	This Year	Budget	Current	Budget
1. Operating Revenue and Patronage Capital	89,425,462.84	99,134,387.47	90,629,779.00	10,387,979.02	8,957,249.00
2. Power Production Expense	0.00	0.00	0.00	0.00	0.00
3. Cost of Purchased Power	46,306,630.44	54,603,732.70	47,348,670.00	6,158,445.47	4,655,839.00
4. Transmission Expense	49,216.19	37,933.07	39,879.00	2,270.27	4,431.00
5. Regional Market Expense	0.00	0.00	0.00	0.00	0.00
6. Distribution Expense - Operation	3,209,426.47	3,515,382.44	3,818,091.00	424,583.74	420,520.00
7. Distribution Expense - Maintenance	29,864,647.79	15,927,117.10	11,516,788.00	1,824,389.24	1,356,762.00
8. Customer Accounts Expense	1,603,290.57	2,017,352.99	1,679,028.97	184,620.81	183,802.33
9. Customer Service and Informational Expense	2,115,756.32	2,349,006.82	2,260,806.00	283,400.89	247,214.00
10. Sales Expense	466,362.27	428,963.26	487,170.00	82,423.72	54,130.00
11. Administrative and General Expense	3,811,032.35	4,389,960.00	4,791,636.00	442,959.31	599,762.00
12. Total Operation & Maintenance Expense (2 thru 11)	87,426,362.40	83,269,448.38	71,942,068.97	9,403,093.45	7,522,460.33
13. Depreciation & Amortization Expense	9,013,588.83	9,126,136.73	9,164,468.97	1,022,030.73	1,018,274.33
14. Tax Expense - Property & Gross Receipts	1,364,175.00	1,310,823.00	1,310,823.00	145,647.00	145,647.00
15. Tax Expense - Other	0.00	0.00	0.00	0.00	0.00
16. Interest on Long-Term Debt	4,260,173.08	4,065,794.73	3,987,117.00	602,161.13	443,013.00
17. Interest Charged to Construction - Credit	0.00	0.00	0.00	0.00	0.00
18. Interest Expense - Other	79,978.88	26,099.22	97,500.00	177.24	27,500.00
19. Other Deductions	136,848.87	277,633.95	45,000.00	27,941.29	5,000.00
20. Total Cost of Electric Service (12 thru 19)	102,281,127.06	98,075,936.01	86,546,977.94	11,201,050.84	9,161,894.66
21. Patronage Capital & Operating Margins (1 minus 20)	-12,855,664.22	1,058,451.46	4,082,801.06	-813,071.82	-204,645.66
22. Non Operating Margins - Interest	236,318.14	74,106.35	83,250.00	8,718.51	9,250.00
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	-18,502.27	3,068,428.20	-11,250.00	-3,286.87	-1,250.00
26. Generation and Transmission Capital Credits	524,999.97	524,999.97	524,999.97	58,333.33	58,333.33
27. Other Capital Credits and Patronage Dividends	501,528.18	556,845.51	540,000.00	189,370.84	250,000.00
28. Extraordinary Items	0.00	0.00	0.00	0.00	0.00
29. Patronage Capital or Margins (21 thru 28)	-11,611,320.20	5,282,831.49	5,219,801.03	-559,936.01	111,687.67
Operating - Margin	-11,611,320.20	5,282,831.49	5,219,801.03	-559,936.01	111,687.67
Non Operating - Margin	0.00	0.00	0.00	0.00	0.00
Times Interest Earned Ratio - Operating	-2.02	1.26			
Times Interest Earned Ratio - Net	-1.73	2.30			
Times Interest Earned Ratio - Modified	-1.97	2.03			

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## General Ledger Financial And Operating Report Electric Distribution

### BALANCE SHEET FOR SEP 2022

	<u>Last Year</u>	<u>This Year</u>	<u>Variance</u>
<b>ASSETS AND OTHER DEBITS</b>			
1. Total Utility Plant in Service	382,244,201.64	390,733,805.65	8,489,604.01
2. Construction Work in Progress	6,962,325.28	13,083,002.27	6,120,676.99
3. Total Utility Plant (1 + 2)	389,206,526.92	403,816,807.92	14,610,281.00
4. Accum. Provision for Depreciation and Amort.	141,147,442.83	149,724,386.87	8,576,944.04
5. Net Utility Plant (3 - 4)	248,059,084.09	254,092,421.05	6,033,336.96
6. Non-Utility Property (Net)	16,379.32	9,599.70	-6,779.62
7. Invest. in Subsidiary Companies	0.00	0.00	0.00
8. Invest. in Assoc. Org. - Patronage Capital	51,763,725.44	52,364,599.09	600,873.65
9. Invest. in Assoc. Org. - Other - General Funds	2,532,750.23	2,547,322.59	14,572.36
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	710,408.22	709,645.33	-762.89
13. Special Funds	0.00	0.00	0.00
14. Total Other Property & Investments (6 thru 13)	55,023,263.21	55,631,166.71	607,903.50
15. Cash - General Funds	2,298,481.73	5,609,702.45	3,311,220.72
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)	12,245.10	3,282.39	-8,962.71
20. Accounts Receivable - Sales of Energy (Net)	11,002,930.52	9,224,936.66	-1,777,993.86
21. Accounts Receivable - Other (Net)	8,395,910.51	18,913,259.42	10,517,348.91
22. Renewable Energy Credits	0.00	0.00	0.00
23. Material and Supplies - Electric & Other	2,846,892.16	3,725,569.62	878,677.46
24. Prepayments	251,146.16	102,575.78	-148,570.38
25. Other Current and Accrued Assets	6,128,886.26	6,227,212.40	98,326.14
26. Total Current and Accrued Assets (15 thru 25)	30,936,492.44	43,806,538.73	12,870,046.29
27. Regulatory Assets	0.00	0.00	0.00
28. Other Deferred Debits	46,527.78	220,929.13	174,401.35
29. Total Assets and Other Debits (5 + 14 + 26 thru 28)	334,065,367.52	353,751,055.62	19,685,688.10



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## General Ledger Financial And Operating Report Electric Distribution

### BALANCE SHEET FOR SEP 2022

	Last Year	This Year	Variance
<b>LIABILITIES AND OTHER CREDITS</b>			
30. Memberships	239,725.00	240,615.00	890.00
31. Patronage Capital	111,590,704.79	116,884,489.99	5,293,785.20
32. Operating Margins - Prior Years	0.00	0.00	0.00
33. Operating Margins - Current Year	-11,611,320.20	5,282,831.49	16,894,151.69
34. Non-Operating Margins	0.00	0.00	0.00
35. Other Margins and Equities	2,557,792.91	3,169,707.70	611,914.79
36. Total Margins & Equities (30 thru 35)	102,776,902.50	125,577,644.18	22,800,741.68
37. Long-Term Debt - RUS (Net)	0.00	0.00	0.00
38. Long-Term Debt - FFB - RUS Guaranteed	141,780,026.98	154,563,050.23	12,783,023.25
39. Long-Term Debt - Other - RUS Guaranteed	0.00	0.00	0.00
40. Long-Term Debt - Other (Net)	54,803,275.34	45,542,276.54	-9,260,998.80
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)	196,583,302.32	200,105,326.77	3,522,024.45
44. Obligations Under Capital Leases - Noncurrent	0.00	0.00	0.00
45. Accumulated Operating Provisions	25,601.51	43,079.85	17,478.34
46. Total Other Noncurrent Liabilities (44 + 45)	25,601.51	43,079.85	17,478.34
47. Notes Payable	9,000,000.00	0.00	-9,000,000.00
48. Accounts Payable	6,196,972.37	8,313,966.82	2,116,994.45
49. Consumers Deposits	2,161,857.61	2,343,382.84	181,525.23
50. Current Maturities Long-Term Debt	10,626,200.00	10,675,130.00	48,930.00
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	3,946,470.14	3,129,790.90	-816,679.24
54. Total Current & Accrued Liabilities (47 thru 53)	31,931,500.12	24,462,270.56	-7,469,229.56
55. Regulatory Liabilities	0.00	0.00	0.00
56. Other Deferred Credits	2,748,061.07	3,562,734.26	814,673.19
57. Total Liab. & Other Credits (36+43+46+54 thru 56)	334,065,367.52	353,751,055.62	19,685,688.10
Current Assets To Current Liabilities	0.97	1.79	
	to 1	to 1	
Margins and Equities To Total Assets	30.77	35.50	
	%	%	
Long-Term Debt To Total Utility Plant	50.51	49.55	
	%	%	

**Statements of Cash Flows**  
**Southside Electric Cooperative**

	Period ended September 30, 2022	Period ended September 30, 2021
<b>Cash flows from operating activities</b>		
Electric revenue received	\$ 100,747,276	\$ 91,052,649
Power supply paid	(51,406,162)	(46,533,180)
Operating expenses paid	(30,348,744)	(43,028,646)
Interest received	74,106	236,318
Interest paid	(4,118,762)	(4,340,152)
FEMA monies received	1,318,666	-
	<hr/>	<hr/>
<i>Cash flows provided by operating activities</i>	16,266,380	(2,613,011)
<b>Cash flows from investing activities</b>		
Investment in electric plant, net	(11,520,436)	(8,606,710)
Installment loans issued	(1,693,121)	(1,092,521)
Proceeds from retirement of CTC's	24,415	18,063
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<i>Cash flows used in investing activities</i>	(13,189,143)	(9,681,168)
<b>Cash flows from financing activities</b>		
Proceeds from lines of credit	3,000,000	9,000,000
Payments on lines of credit	(3,000,000)	-
Proceeds from long term debt	6,099,636	3,582,368
Principal payments on long term debt	(8,425,380)	(8,022,595)
Capital credits paid to members, net	(197,265)	(436,079)
Proceeds from capital credits	1,254,453	272,187
Deposits collected from customers	174,351	27,334
Net change in memberships	280	1,850
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<i>Cash flows (used) provided by financing activities</i>	(1,093,925)	4,425,065
Net change in cash	1,983,312	(7,869,114)
Cash at December 31, 2021 and 2020	<hr/>	<hr/>
	3,626,391	10,167,596
<b>Cash at September 30, 2022 and 2021</b>	<hr/> <hr/>	<hr/> <hr/>
	\$ 5,609,702	\$ 2,298,482

PART D. CONSUMER SALES AND REVENUE DATA					September 2022		
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.)	55,972	63,694,163	8,530,220	16	55,875	594,594,111	83,852,652
2. Residential Sales Seasonal							
3. Irrigation Sales							
4. Comm. & Ind 1000 KVA or Less	1,991	5,534,544	642,064	4	1,989	45,011,503	5,372,209
5. Comm. & Ind Over 1000 KVA	17	6,019,631	570,584	0	17	50,808,015	4,369,847
6. Public St. & Highway Lighting							
7. Other Sales to Public Authority	447	5,129,833	546,402	2	448	43,700,165	4,604,890
8. Sales for Resale - REA Borr.							
9. Sales for Resale - Other							
10. (1 thru 9)	58,427	80,378,171	10,289,270	22	58,329	734,113,794	98,199,597
11. Other Electric Revenue	xxxxxxxxxxx	xxxxxxxxxxx	98,709	xxxxxxxxxxx	xxxxxxxxxxx	xxxxxxxxxxx	934,790
12. Total (10 + 11)	xxxxxxxxxxx	xxxxxxxxxxx	10,387,979	xxxxxxxxxxx	xxxxxxxxxxx	xxxxxxxxxxx	99,134,387
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 . . . . .	169,291	1,767,196		
2. kWh Purchased . . . . .	70,575,422	755,710,865	7. Total unaccounted For (4 less 5 & 6), . . . . .	(9,972,040)	19,829,875		
3. Interchange kWh - Net . . . . .			8. Percent System Loss (7/4)x100 . .	(14.13)	2.62		
4. Total kWh (1 thru 3) . . . . .	70,575,422	755,710,865	9. Maximum Demand (kW) . . . .	169,785	273,185		
5. Total kWh - Sold . . . . .	80,378,171	734,113,794	10. Month When Maximum Demand Occurred . . .		January 2022		