

***SOUTHSIDE ELECTRIC COOPERATIVE  
2021 ANNUAL MEETING  
HOOPER PARK, CREWE, VIRGINIA  
SEPTEMBER 25, 2021 @ 11:00 A.M.***

The Annual Meeting of the members of Southside Electric Cooperative was held at Hooper Park, 1500 feet west of the Cooperative Headquarters Office, on U. S. Highway No. 460, in the Town of Crewe, State of Virginia, at 11:00 a.m. on Saturday, September 25, 2021.

**INTRODUCTIONS**

Ronald White, Vice President of Member & Public Relations and retired Army Lieutenant Colonel, gave the invocation and asked the membership to rise for the Pledge of Allegiance.

Ronald White then introduced Frank W. Bacon, Board Chair of Southside Electric Cooperative, to the membership. Board Chair Bacon presided over the meeting.

**BUSINESS MEETING**

Board Chair Bacon called the business meeting to order, and motion was requested from the membership to appoint Frank F. Rennie, IV, Southside Electric Cooperative's General Counsel, as parliamentarian over the business session of the meeting, and to appoint Christine Marston, Executive Assistant, as recording secretary of the meeting.

On motion made and seconded:

**Frank F. Rennie, IV is appointed as Parliamentarian over the Business Session of the meeting and Christine Marston is appointed as Recording Secretary.**

**MOTION CARRIED**

## **SECRETARY'S REPORT**

Board Chair Bacon introduced Paul S. Bennett, Secretary of the Board of Directors, to read the notice of the meeting and quorum statement. After proof of due notice of the meeting, the attendance was checked, and it was determined that 22 members were present in person, and 2,332 members were present by proxy, said members constituting a quorum of the membership for the purpose of this meeting. A list of those present in person and by proxy will be retained by the Cooperative.

On motion made and seconded:

**The reading of the minutes of the 2019 Annual Meeting of members is dispensed with, since a copy of such minutes was published in the Cooperative Living magazine, and said minutes are approved as written.**

**MOTION CARRIED**

## **REPORT OF OFFICERS**

The next order of business, according to the *Bylaws*, was the presentation of reports of officers, which will be attached to and made a part of the Annual Meeting Minutes. This included the Board Chair's report and the President/CEO's report.

On motion made and seconded:

**The reports of officers are approved as presented.**

**MOTION CARRIED**

## **UNFINISHED BUSINESS**

The floor was opened for unfinished business, but there was none.

## **NEW BUSINESS**

The floor was opened for new business. Board Chair Bacon introduced General Counsel Frank Rennie to conduct the remainder of the meeting.

Nominations were received for Districts I, II and III pursuant to the Bylaws. Board members are elected for a 3-year term and petitions must be received by all

nominees not less than 60 days before the Annual Meeting of the members. A list of candidates for all districts shall be mailed to each member not less than 10 days before any meeting where directors are to be elected. Accordingly, the following were placed in nomination:

District I – Paul S. Bennett

District II – Clive C. Pettis, Sr., Incumbent & Greg Warner, Challenger

District III – Kristie Martin-Wallace, Incumbent & Burl Newton, Challenger

Unopposed nominees may be elected by acclamation.

On motion made and seconded:

**The Nominee for District I is unanimously elected by acclamation to represent their territorial district.**

**MOTION CARRIED**

All ballots were provided on the dust cover the Cooperative Living magazine. Due to the pandemic, there will be no voting at the meeting. All ballots cast were handled and tallied by a neutral, third party, Survey & Ballot Systems. The results of the election are:

District II – Clive C. Pettis, Sr. 70% of the vote &

Greg Warner 30% of the vote

District III – Kristie Martin-Wallace 77% of the vote &

Burl Newton 23%

General Counsel Rennie then proceeded with the remainder of the meeting and presented the following *Bylaw* revisions:

- ARTICLE III – MEETING OF MEMBERS

*Section 1 – Annual Meeting:* The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, the rules and regulations duly adopted by the Board, *the Terms and Conditions for Providing Electric Distribution service as filed with the Virginia State Corporation Commission, or the Cooperative membership Application*, but only if such member shall have been given

written notice by the Cooperative that such failure makes them liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. *Any member who has been expelled shall forfeit the right to receive electric distribution service from the Cooperative.*

#### *SECTION 4 – QUORUM*

The Bylaw regarding quorum at the annual meeting is hereby amended to reflect that the quorum for the 2021 annual meeting may be established by the Board of Directors at any time prior to the commencement of the annual meeting.

#### *SECTION 6 – PROXIES*

At the September 2021 meeting of members, or at any subsequent meeting of members where voting will be solely conducted by proxy, a member may vote by proxy executed in written or printed form bearing the signature of the member. Such proxy shall be delivered to the organization designated by the Board for receiving, counting and certifying the election results. Delivery shall occur by a date designated by the Board to allow processing of the votes prior to the annual meeting.

#### *SECTION 8 – ORDER OF BUSINESS*

The order of business at the 2021 annual meeting of members shall be as follows:

- A. Report on the number of members present in person and by proxy in order to determine the existence of a quorum.
- B. Reading of the notice of the meeting and proof of the due delivery thereof of the waiver or waivers of notice of the meeting as the case may be.
- C. Readings of unapproved minutes of previous meetings of members and the taking of necessary action thereon.
- D. Presentation of reports of officers and directors.
- E. Adjournment.

These Bylaw amendments will expire upon (i) completion of the 2021 meeting of members, (ii) a declaration of the Board that an emergency or crisis no longer exists and (iii) there being no restrictions on in-person attendance at an annual member meeting.

### **QUESTION AND ANSWER SESSION**

General Counsel Rennie opened the floor for a question-and-answer period. There being no questions by the membership, the floor was closed.

**ADJOURNMENT**

There being nothing further to come before the meeting, it was adjourned at  
11:36 a.m.



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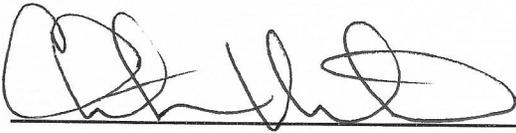
Paul S. Bennett, Secretary

Approved:



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Frank W. Bacon, Board Chair



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Christine Marston, Recording Secretary

## CHAIR'S REPORT

### WELCOME

Welcome to Southside Electric Cooperative's annual meeting. As most of you are aware, due to COVID-19, we did not have an annual meeting in 2020 as participation at events was severely limited and we did not want to do anything to jeopardize the health and wellness of our members and our employees. We were hopeful that we could return to a normal annual meeting this year, however, COVID has persisted, cases are on the increase, and as a result, this meeting is somewhat bittersweet for me, the other Board members, and the SEC employees due to the changes to this year's venue. Our annual meeting traditionally has the largest gathering of any electric cooperative annual meeting in Virginia. We have always tried to have a festive, celebratory event with many things to do like the health fair, exhibition tents to learn more about the various things we do like our right-of-way programs, pole inspections, substation maintenance and safety practices. We normally have registration gifts, door prizes and children's' activities. We are known for our chicken dinner that we serve to our members and their guests. However, this year, due to uncertainties regarding COVID-19, we could not offer all the things normally associated with our annual meeting. Although many have received vaccinations, there is still uncertainty regarding COVID and the new strains we continuously hear reported. There is a lengthy planning window for our traditional annual meeting. It takes approximately 6 months lead time to schedule all the things we normally offer as benefits for attending the annual meeting. Back in March, when our planning process began, we were still under mandated restrictions regarding meeting attendance size. We knew at that time we could not plan on having almost 2,000 people attend any event. We also knew that putting large numbers of members together under the pavilion or in the health fair tent may not be allowed this year by state mandate. As a result, the Board decided to host a business meeting only that would allow us to provide reports and to conduct the Director elections. We knew that participation would be limited but felt this was the best option based upon the COVID environment 6 months ago. We are extremely hopeful that in the next year we will see the number of COVID cases diminish and that there will be no threats to public health involving large gatherings so that our typical annual meeting format can resume in 2022. All electric cooperatives in Virginia amended their annual meeting formats in 2020 and 2021 due to COVID mandates and restrictions that interfere with planning schedules.

### PANDEMIC

COVID has had a tremendous impact on the world since early 2020 with various lockdowns and business closures. Building materials, groceries and other supplies were in short supply. The pandemic was an event that most of us had never experienced before in our lifetime.

The team at Southside Electric Cooperative was challenged like all businesses in early 2020. It was imperative that SEC employees remain healthy and able to respond to member needs when they arise, even in a pandemic. Closing the Cooperative is not an option. We were

deemed an essential business along with all other electric cooperatives, investor-owned utilities, and municipal systems. We were obligated to, and strongly desired to continue taking care of our membership. Our Executive team quickly developed new Standard Operating Procedures for employees to minimize the opportunity for employee-to-employee virus transmission. Most office workers were able to work remotely due to the technologies we had in place prior to the pandemic. We leased additional trucks, so the outside employees did not have to ride with each other in vehicles to prevent them from infecting each other. Like everyone working at that time, we became very adept at virtual meetings. Your Board met virtually for 13 months before we returned to the office for in-person meetings. Even then, we did not meet in our Board room. We met in the employee meeting room to ensure social distancing and wore the obligatory face masks. I can proudly report that we had very minimal confirmed cases of employee-to-employee COVID transmission because of the precaution's management took at the very beginning of the pandemic.

This was an unprecedented time in our Cooperative's history, and I want to thank all the employees who quickly adapted to the new COVID protocols and continued to provide service to the membership. I know there were a lot of changes that were necessary, but our dedicated workforce has adapted, improvised, and overcome all the challenges thus far that COVID created.

Early in the pandemic, we identified various risks that were new to our industry due to COVID. One of those was how we would obtain help during a major event like a hurricane or ice storm. In a normal working environment, we obtain crews from other cooperatives and contractors. However, at the beginning of the pandemic, most utilities would not release their employees to work offsite if they were required to stay overnight as everyone was focused on quarantining their employees so they would be available to respond to issues at their local systems. As time passed, some restrictions loosened, and external crews could be located with special considerations.

## ICE STORM

Then in February of 2021, we saw a major ice storm impact Southside Electric's territory and impacted approximately 80% of our membership with several counties experiencing  $\frac{1}{2}$  to  $\frac{3}{4}$  inches of ice accumulation. We pre-staged crews prior to the storm and continued bringing in help as it became available following the storm. Many outside crews would come to assist but had to stay in individual hotel rooms and could not ride in trucks together. We also could not allow them to eat in large gatherings to minimize the chances of a significant COVID outbreak. This created a logistical problem as many restaurants were closed, and we do not have an abundance of hotel rooms in our service area. However, we persevered and restored power to everyone within 13 days during the pandemic and with the most damage to our system ever experienced. There were a lot of things reported during this event, many of them not based on fact. I can assure you that we had adequate inventory levels in place prior to the storm,

including poles. We had pre-staged crews several days before the storm, and we continued to bring additional workers on to our system as they became available. You must remember that another ice storm was forecast 5 days after the Valentine's Day storm that kept utilities in that storm's projected path from releasing crews. After that storm failed to materialize, we had many offers of assistance from other cooperatives and from Dominion Energy. We had the largest workforce ever assembled at SEC on-site to get the power on as quickly as we could safely do so. Would we have liked to get power restored quicker? Absolutely. We never want to see anyone without power, not even for one minute. However, the reality is that electric distribution systems are subject to weather events, animal caused outages, traffic accidents and tree related problems. We take steps every day to mitigate these issues, but they cannot be eliminated. Once again, I want to say that I am proud of our employees for their herculean efforts during this event. I also want to thank everyone that came to our assistance during the aftermath of the storm. Mutual assistance is a great thing when we have a major event. I personally witnessed the long hours every one of our employees and these other workers put in during this time, and I can truly say their dedication to all our members is incredible. I also want to thank our members for their patience and understanding during and after the ice storm. We know it was difficult during this time. It was cold and many people were frightened because of not knowing when their power would be restored. We thank our members for their understanding and their support of our employees and their neighbors during what was a very difficult time.

## SAFETY

Your employees during the COVID environment have continued working safely and have now completed over 3 years without a lost-time accident. This is an impressive record, particularly taking into consideration the number of hours worked during the ice storm. You often hear safety is a priority, but we do not believe that. Why? Because priorities change over time. Safety is a **core value** at Southside Electric Cooperative because **core values never change**. We have an excellent safety culture, with the employees looking out for your safety, the safety of themselves and their co-workers as well.

## BROADBAND

We are asked occasionally about offering broadband service to our members. I want to assure you that we have analyzed this thoroughly multiple times and have not yet found a way to offer this service without having an impact on your electric rates. The cost of construction of a fiber to the home project exceeds \$230M to complete and the estimated take rates and revenues do not cover the debt payments created. I know there are some government resources available for these projects, but there is not enough of those funds to eliminate the subsidy that would be required from the electric cooperative. Any subsidy would result in an electric rate increase. We realize some cooperatives have started subsidiaries to offer broadband. I ask that you remember that each cooperative is different, with varying levels of commercial and industrial

loads, and different levels of density (meters per mile) and energy sales per meter. All these factors were considered when we completed our feasibility studies. Unfortunately, because of the low number of meters per mile, and small amount of commercial and industrial loads we serve, a fiber-to-the-home project cannot be economically justified. We will continue to monitor new technologies and funding opportunities, and if we can identify a project that will allow us to offer broadband without financial risk to the electric cooperative, we would be happy to offer that service.

## SERVING OUR COMMUNITIES

Southside Electric Cooperative exists to provide electricity to your homes in a safe, cost-efficient manner. We strive to make our communities better places to live through our involvement in our communities. We support many youth projects through providing volunteer labor to improve ballfield lighting or assisting with scoreboards, we offer the Day in the Life of a Lineman program to area youth as a career exploration day. We strongly support the Southside Virginia Community College Power Line Workers program which has graduated approximately 350 new line workers, many of them from the Southside Virginia area. We also began the Southside Opportunity Fund in 2016 which provides scholarships to children of Cooperative members. This program has awarded \$130,000 for 114 scholarships in that short time. Our employees participate in many volunteer opportunities such as assisting food banks, Habitat for Humanity, and other worthy events. These are just a few of the things we do to improve our area. I hope you are as proud of our employees for these efforts as I am.

## CAPITAL CREDITS

One thing that sets cooperatives apart from other business models are capital credits. Southside returns these in the in the month of December. If your total refund is \$25 or less, you receive your refund as a credit on your power bill. If your refund is greater than \$25, you receive a check for that amount. Cooperatives operate as not-for-profit organizations. Instead of accounting for profits, we account for margins and those are then assigned to the members based upon their individual contributions to the total. Those margins are then returned to the members when the Board decides they can be returned while meeting established financial goals. Since the Cooperative's inception, we have returned \$64,804,659. We have retired \$31,006,297 in the last 10 years. We retired \$4,167,357 in 2020 which was the second largest return in the Southside Electric Cooperative's history.

## CONCLUSION

That ends my report. The remainder of the Board members and myself want to thank you for allowing us to serve you on the Southside Electric Cooperative Board. It is a pleasure to do so.

## PRESIDENT/CEO ANNUAL REPORT

Good morning. Southside Electric Cooperative has experienced many changes since we last met in September 2019. The COVID-19 pandemic has had a profound effect on SEC's operations and practices, and it has also had a significant impact on our members' lives personally. When the pandemic began, it was imperative that steps be taken to protect the employees to ensure they were healthy and able to respond to your needs. We made quick decisions to minimize the opportunity for the virus to spread through our workforce. Office employees that were able to work from home were asked to do so. This was possible due to the technology we had in place prior to the pandemic. In order to protect the linemen and other technicians that work outside, we leased additional trucks so personnel wouldn't have to ride together in the confines of a truck cab. Mask requirements were put in place in the rare event social distancing was not achievable. Board meetings were held virtually. All the CEOs of electric cooperatives met virtually weekly in the early stages to discuss things we were doing to ensure business continuity. Mail was quarantined for 48 hours upon receipt and district offices were closed to the public and vendors. A disconnect moratorium was implemented by all the cooperatives and investor utilities that the Governor's office extended through September. As a result, we have seen the amount in arrears more than double to a total of \$3.5 million.

We continue today to operate differently from pre-Covid times due to the resurgence of cases involving variants of the virus. We remain hopeful that we will see an end to the risks associated with Covid, but the cases in our area have continued to increase and hospitalizations are on the rise. As we work through the pandemic, we are committed to taking the steps necessary to ensure we can meet the needs of our members.

When the pandemic first began in March 2020, the Board and I met to discuss our options in case we suffered significant system damage from a weather event, such as hurricane or winter storm. We knew this could be a huge challenge as most utilities were implementing travel restrictions for their workers to ensure they could keep them healthy and working on their own systems. Luckily, we didn't have any major events in 2020.

By the time we entered 2021, most contractors and some utilities, but not all, would allow travel to assist others, but with restrictions. For instance, some would not allow their personnel to ride together. Many would not allow their workers to share a hotel room. We had to commit to provide meals in settings that mandated social distancing. Some would allow travel, but no overnight stays which severely limits the worker pool for storm restoration efforts.

Unfortunately, we did suffer from the ice storms that impacted our area. But as we all know too well, February 2021 brought  $\frac{1}{2}$  to  $\frac{3}{4}$  of an inch of ice in many parts of our area. This resulted in the most significant outage in Cooperative history. We had approximately 47,000 out of power at the peak on February 13<sup>th</sup>, and all employees began a 13-day restoration period that saw everyone working at minimum 16-hour days, some longer. We had pre-staged an additional 9 two-person service crews and 7 construction crews (4-5 personnel) along with the 4 contract

construction crews already on system on February 10<sup>th</sup> along with extra Right of Way crews to be prepared to respond to the amount of outages anticipated as a result of the weather forecasts. The ice was much worse than forecast and as the number of outages increased, we immediately began seeking additional help. We were hampered in this effort by the forecast for another ice storm expected to impact the southeast on February 18<sup>th</sup> and 19<sup>th</sup>. Due to this possibility, many cooperatives and utilities would not release their crews to assist others until they knew their systems were in the clear. We were able to gradually add help in smaller groups, and once the February 18<sup>th</sup> storm proved less damaging than anticipated we were able to quickly boost our workforce to 856 personnel – more than double the largest workforce ever assembled at Southside Electric Cooperative for any weather event, including Hurricane Isabel and 13 times the daily operations workforce of SEC.

I am very thankful for all the SEC employees who showed their extreme dedication during this event and for the mutual aid crews provided by other cooperatives, and the contractors who came from many states and from Dominion Energy to assist in this massive restoration effort. Through all of this activity, there were 3 minor injuries reported and no confirmed cases of Covid.

I also want to thank members for their patience and support during this difficult time. I know it was cold and frustrating. Being without power for any length of time is disruptive. But I want you to know how much we appreciate the coffee stations, the sandwiches for crew members, the words of encouragement. It truly was appreciated.

As a follow up to the severe storm events in February, the State Corporation Commission has issued a report on SEC's preparation and response, as well as Dominion Energy's and Mecklenburg Electric Cooperative's preparation and response, to the ice storm. While the SCC recognized Southside sufficiently prepared for the storm, we welcome the Commission's recommendations for ways we can improve. We are always looking for ways to do better, and we are committed to providing the level of service that our members expect and deserve.

In non-storm news, I want to report that over the past two years SEC has experienced the most system growth since the Great Recession in 2008.

We are connecting more than 700 new accounts annually. For the first time in many years, we are seeing new subdivisions being developed in several parts of our service territory, particularly in Amelia, Powhatan and Bedford counties.

While supply chain issues have increased lead times for materials, our longstanding relationships with vendors and strong inventory have allowed us to minimize the impacts that other utilities are facing.

We understand members want clean energy, and that is why our relationship with Old Dominion Electric Cooperative is so critical at this time. They were the second Generation and

Transmission Cooperative in the country to establish a net zero greenhouse gas target by 2050 and have committed to reduce greenhouse gas emission by 50% by 2030 from the 2005 levels.

We purchase 95% of our power from ODEC, and their commitment to the environment is welcomed by all of their members, SEC included.

2021 will have its financial challenges due to the expenses associated with the ice storm. We have completed all of our FEMA paperwork which will help our financial situation, but sometimes it takes 5 years or more to receive FEMA funds.

Despite the storm, SEC is in good financial shape. We completed 2020 with margins of \$9,494,738 and a TIER of 2.60. Based upon the financial health of the Cooperative and in accordance with the Board approved equity management plan, the Cooperative Board recently approved retiring \$2.5M in capital credits at the end of this year.

I am certain we will continue to see major changes in the electric utility industry over the coming years with new technologies changing the generating system worldwide. Renewable resources continue to gain in popularity. We expect to see increasing energy and demand levels on the system soon as a result of the growing share of electric vehicles on the road. These changes will require changes on our system as well, and we are establishing goals to ensure we are prepared for that transition.

As I conclude my remarks, I want to thank our employees and acknowledge their tireless efforts and commitment over the past year. Our team has completed 891,389 hours without a lost-time injury, which is a remarkable achievement. Thank you, all, for incredible work.

That concludes my report, and I will turn it back over to the Board Chair.