

MINUTES
SOUTHSIDE ELECTRIC COOPERATIVE
MEETING OF THE BOARD OF DIRECTORS
JUNE 18, 2020 @ 1:30 P.M.
HEADQUARTERS BOARD ROOM

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. Sanders
William T. White

Frank F. Rennie (General Counsel)
Christine Marston (Minute Taker)

STAFF: Jeffrey S. Edwards, President/CEO
Bradley V. Furr, VP of Operations
George A. Felts, VP of Engineering
Jason Loehr, VP of Finance & Corporate Services
Jacob McCann, VP of Human Resources
Ronald O. White, VP of Member & Public Relations

Dr. Frank Bacon presided, and Ron White gave the invocation. Due to the ongoing pandemic, the Board meeting was held virtually through WebEx. Frank Bacon and Frank Rennie attending the meeting in person.

PREVIOUS MINUTES

On motion made and seconded:

The Minutes of the May 21, 2020 Board Meeting are approved.

MOTION CARRIED

ODEC REPORT

The ODEC report was given by Earl Currin.

PRESIDENT/CEO'S REPORT

1. The SEC Financial and Statistical report for May 2020 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 May 2020.
3. The Institute of Electrical & Electronics Engineers (IEEE) outage data and safety report for May 2020 were reviewed in detail:

IEEE Outage Data

- a. System SAIDI, SAIFI and CAIDI were all below historical values for the month.
- b. There were no supply outages for the month.
- c. There were no Major Event days during May.

Safety Report

- a. There were no lost-time injuries in May.
- b. As of May 31st, employees have worked 762 days without a lost time injury.

Staking Workload Summary

- a. New service appointments remain steady
- b. Miscellaneous appointments are up for the month
- c. Average business days to next appointment is approximately 5 days
- d. Total Work Orders have increased

4. Operations Update:

- a. New service activity was down 34.1 % for the month.
- b. New service activity work orders were up for the month.
- c. Outage activity (minutes) with major event days removed were in line with historical data:
 - Central – 82
 - Eastern – 57
 - Northern – 41
 - Western – 93
- d. May outage causes:
 - Trees 44% or 119 outages; 89 outside the right-of-way
 - Animals 18% or 50 outages
 - Unknown 14% or 37 outages
 - Fault/Failure 12% or 33 outages
 - Decay/Age 5% or 14 outages
 - Public 3.5% or 10 outages
 - Maintenance/Planned 2.5% or 7 outages
 - Weather 1% or 3 outages
- e. Tree related outages from 2014 through May year-to-date with Major Event Days:
 - 2014 = 870 outages
 - 2015 = 1,066 outages
 - 2016 = 1,025 outages
 - 2017 = 1,029 outages

- 2018 = 2,314 outages
 - 2019 = 1,759 outages
 - 2020 = 603 outages
- f. May outages by District:
- Central 8% (82 outages affecting 1,257 members)
 - Eastern 12% (57 outages affecting 1,564 members)
 - Northern 13% (41 outages affecting 1,271 members)
 - Western 16% (93 outages affecting 2,810 members)
- g. May SAIDI switching savings:
- Realized 14.7 minutes (55%)
 - Saved by automation (SCADA) switching 11.2 minutes (42%)
 - Saved by manual switching 0.8 minutes (3%)
- h. May SAIDI per District:
- Central 4.8 minutes
 - Eastern 2.0 minutes
 - Northern 2.1 minutes
 - Western 5.9 minutes
- i. May SAIFI per District:
- Central 0.04 events
 - Eastern 0.02 events
 - Northern 0.02 events
 - Western 0.06 events
- j. May CAIDI per District:
- Central 124 minutes
 - Eastern 109 minutes
 - Northern 94 minutes
 - Western 108 minutes
- k. There were 43 circuit outages in May
- l. Fleet service orders completed in May were 76 at an average cost of \$276 per service order
- m. May fleet expenses were \$64,282.80; YTD total expense \$450,095.
5. This year's rate increase has offset the losses the Cooperative has experienced due to the decrease in sales.
 6. SEC's scheduled outage for the Powhatan substation outage went well. The switch installation was accomplished the day before the outage. There were only 1,100 members affected, and the work was completed in 2.5 hours.
 7. The Cooperative's annual report is being developed by the Member & Public Relations Department for distribution to the membership in the Cooperative Living magazine.
 8. The Southside Opportunity Fund annual Board meeting has been postponed to July 8th and will be held at the Central District Training Center where there will

be enough room for social distancing and in order to get the 2020 scholarships awarded.

9. A partial reentry of all offices started two and a half weeks ago along with the drive-thru windows. The next phase will begin on June 29th with 75% of the workforce returning on a staggered schedule. The remaining employees will continue to work from home or out in the field indefinitely. SEC management continues to maintain a cautious approach.
10. The feasibility study on Broadband is being updated. A conference call was had with Governor's staff, and they are requesting that SEC release a Request for Information (RFI) to see if there is anyone interested in working with the Cooperative in providing rural broadband. The Cooperative has agreed to release the RFI. Governor Northam's staff introduced management to Declaration Networks, who offers wireless broadband in Washington State, Maryland & the eastern shore using TV white space with assistance from Microsoft.
11. Another employee Tele Town Hall meeting is scheduled for this evening, June 18th, at 6 p.m.
12. Broadband carriers will be able to use pole/line space without obtaining easements effective July 1st; attachment fees will still apply. Management is looking to see if SEC towers are in any areas that may be used for Broadband attachments.
13. Dr. Bacon recommended that the July 2021 Board meeting will be held on July 22nd instead of July 15th due to it conflicting with the Cooperative Finance Corporation Energy Directors Conference.

On motion made and seconded:

The Board approved to move the July 2021 Board meeting to July 22, 2021.

MOTION CARRIED

14. SEC Board meetings will begin to be held on site at the Central District Training Center starting in August 2020.

NEW BUSINESS

1. Power Requirements Study (PRS) update:
 - a. PRS is an annual projection of members, peak loads and energy sales; forecasts 15 years into the future and is required by Rural Utilities Service (RUS).
 - b. Old Dominion Electric Cooperative (ODEC) and Cooperative Staff prepare the study based on the Form 7 and other load data on industrial and commercial consumers. ODEC uses economic and weather models to forecast future loads based on historical data.
 - c. Used for load projections in the Long-Range Plan and Construction Work Plan. Also used for financial forecasts, loan applications, annual budgets and ODEC financial forecasts and budgets. At the State level, it is used for input for future transmission and generation project justification.

- d. The PRS must be updated within two years of any loan request and provided to RUS as part of the loan process.
- e. The 2019 PRS was approved by the Board and was used for the Long Range Plan update.
- f. Projected minimal residential growth, 1.0% per year.
- g. Total kWh projections have been decreased indicating usage decline.
- h. System demand is forecasted to increase steadily at a lower rate; projection is skewed by large “Polar Vortex” type events in 2014, 2015 & 2018.
- i. Engineering will use the PRS to develop the next Construction Work Plan.

On motion made and seconded:

“The 2020 – 2034 Power Requirements Study is approved as presented.”

MOTION CARRIED

LEGAL REPORT

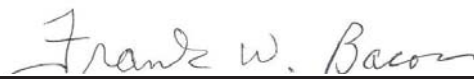
Updating Bylaws, Terms & Conditions and working on member issues.

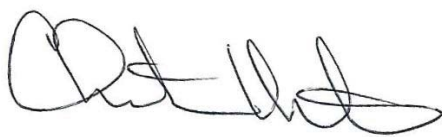
DIRECTOR COMMENTS/CONCERNS & ADJOURNMENT

The Virginia, Maryland & Delaware Association of Electric Cooperatives (VMDAEC) Annual Meeting will be held virtually, lasting approximately 3 – 4 hours. Several presentations and videos will be provided.

There being no further business to discuss, the meeting adjourned at 2:59 p.m. The next meeting of the Board of Directors is scheduled for Thursday, July 16, 2020 at 1:30 p.m.


Paul S. Bennett, Secretary


Frank W. Bacon, Chair


Christine Marston, Minute Taker

STATEMENT OF GENERAL FUNDS AND OTHER ASSETS
May 31, 2020

General Fund
Cash in Banks 15,914,755.34

General Funds Invested
CFC - CTC's 2,098,230.06
CFC - Patronage Capital 3,044,874.12
Federated Insurance Corporation 491,362.00
TEC Trading Incorporated 622,500.00
Town of Hurt 1,000.00

Notes and Accounts Receivable
Electric Consumer 6,230,818.38
Other Accounts Receivable 6,703,121.15

35,106,661.05

Material and Supplies in Stock 1,724,857.36

Construction Work in Progress
to be Paid from Construction Funds 0.00

TOTAL 36,831,518.41

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				28,000,000.00
Gross Obligations	51,850,280.14	153,953,253.73	13,355,427.61	0.00
Interest Paid This Year	626,235.12	871,478.95	218,772.09	0.00

**Southside Electric Cooperative
For the Month Ending May 2020**

Comparative Operating Statistics

	Y-T-D 2019	Y-T-D 2020	May 2020
New Services Connected	324	302	70
Meters Removed	966	800	107
Meters Reinstalled	827	702	139
Services Idle, Excluding Seasonal	3,833	4,017	4,017
Number of Services Retired	25	46	24
Total Consumers Receiving Service	56,760	57,265	57,265
Total Miles Energized	8,315	8,352	8,352

Meters Installed - New Services

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
January	45	49	38	52	83	72
February	37	33	50	52	48	49
March	44	53	59	41	66	58
April	47	44	62	52	55	53
May	54	37	59	52	72	70
June	46	67	69	54	42	
July	60	53	57	67	79	
August	72	69	57	72	68	
September	53	43	46	50	62	
October	53	62	61	47	90	
November	41	70	52	45	31	
December	45	39	44	32	71	
Total	597	619	654	616	767	302

General Ledger Financial And Operating Report Electric Distribution

INCOME STATEMENT FOR MAY 2020

Item	Year - To - Date		Period - To - Date	
	Last Year	This Year	Current	Budget
1. Operating Revenue and Patronage Capital	52,582,719.61	48,594,798.90	8,727,519.47	8,948,281.00
2. Power Production Expense	0.00	0.00	0.00	0.00
3. Cost of Purchased Power	31,815,954.20	25,177,728.61	4,382,973.85	4,877,373.00
4. Transmission Expense	22,453.76	31,005.13	3,777.93	2,928.00
5. Regional Market Expense	0.00	0.00	0.00	0.00
6. Distribution Expense - Operation	1,811,351.36	1,883,343.92	426,128.86	395,272.00
7. Distribution Expense - Maintenance	5,705,751.47	4,987,730.48	1,139,643.17	1,180,952.67
8. Customer Accounts Expense	1,044,945.88	972,089.91	187,870.90	190,874.33
9. Customer Service and Informational Expense	1,227,451.96	1,221,940.67	221,301.23	235,833.00
10. Sales Expense	165,047.90	166,358.39	6,486.47	52,318.00
11. Administrative and General Expense	2,392,993.52	2,447,151.87	581,194.12	472,011.67
12. Total Operation & Maintenance Expense (2 thru 11)	44,185,950.05	36,887,348.98	6,949,376.53	7,407,562.67
13. Depreciation & Amortization Expense	4,856,315.28	4,925,891.59	986,072.38	997,873.33
14. Tax Expense - Property & Gross Receipts	708,855.00	719,990.00	143,998.00	143,998.00
15. Tax Expense - Other	0.00	0.00	0.00	0.00
16. Interest on Long-Term Debt	3,100,491.65	2,824,598.16	598,021.36	593,983.00
17. Interest Charged to Construction - Credit	0.00	0.00	0.00	0.00
18. Interest Expense - Other	18,011.91	22,323.35	2,233.38	3,750.00
19. Other Deductions	157,468.46	8,736.84	4,833.64	6,250.00
20. Total Cost of Electric Service (12 thru 19)	53,027,092.35	45,388,888.92	8,684,535.29	9,153,417.00
21. Patronage Capital & Operating Margins (1 minus 20)	-444,372.74	3,205,909.98	42,984.18	-205,136.00
22. Non Operating Margins - Interest	58,544.10	49,853.36	9,492.06	10,475.00
23. Allowance for Funds Used During Construction	0.00	0.00	0.00	0.00
24. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00
25. Non Operating Margins - Other	-7,634.89	-5,329.13	-285.04	-916.66
26. Generation and Transmission Capital Credits	299,240.65	291,666.65	58,333.33	58,333.33
27. Other Capital Credits and Patronage Dividends	320,706.07	314,119.76	0.00	0.00
28. Extraordinary Items	0.00	0.00	0.00	0.00
29. Patronage Capital or Margins (21 thru 28)	226,483.19	3,856,220.62	110,524.53	-137,244.33
Operating - Margin	226,483.19	3,856,220.62	110,524.53	-137,244.33
Non Operating - Margin	0.00	0.00	0.00	0.00
Times Interest Earned Ratio - Operating	0.86	2.13		
Times Interest Earned Ratio - Net	1.07	2.37		
Times Interest Earned Ratio - Modified	0.87	2.15		

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BALANCE SHEET FOR MAY 2020

	Last Year	This Year	Variance
ASSETS AND OTHER DEBITS			
1. Total Utility Plant in Service	366,378,512.37	373,870,854.29	7,492,341.92
2. Construction Work in Progress	7,628,192.23	6,485,519.93	-1,142,672.30
3. Total Utility Plant (1 + 2)	374,006,704.60	380,356,374.22	6,349,669.62
4. Accum. Provision for Depreciation and Amort.	122,410,622.84	130,787,258.67	8,376,635.83
5. Net Utility Plant (3 - 4)	251,596,081.76	249,569,115.55	-2,026,966.21
6. Non-Utility Property (Net)	24,042.60	20,241.26	-3,801.34
7. Invest. in Subsidiary Companies	0.00	0.00	0.00
8. Invest. in Assoc. Org. - Patronage Capital	49,209,944.29	50,327,678.58	1,117,734.29
9. Invest. in Assoc. Org. - Other - General Funds	2,577,810.78	2,590,592.06	12,781.28
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	705,107.85	708,018.62	2,910.77
13. Special Funds	0.00	0.00	0.00
14. Total Other Property & Investments (6 thru 13)	52,516,905.52	53,646,530.52	1,129,625.00
15. Cash - General Funds	13,726,504.78	15,914,755.34	2,188,250.56
16. Cash - Construction Funds - Trustee	0.00	0.00	0.00
17. Special Deposits	0.00	0.00	0.00
18. Temporary Investments	0.00	0.00	0.00
19. Notes Receivable (Net)	30,285.68	22,868.30	-7,417.38
20. Accounts Receivable - Sales of Energy (Net)	6,675,734.86	6,230,818.38	-444,916.48
21. Accounts Receivable - Other (Net)	3,995,970.76	6,703,121.15	2,707,150.39
22. Renewable Energy Credits	0.00	0.00	0.00
23. Material and Supplies - Electric & Other	2,132,478.95	1,724,857.36	-407,621.59
24. Prepayments	854,432.47	681,723.17	-172,709.30
25. Other Current and Accrued Assets	6,407,844.07	5,936,306.66	-471,537.41
26. Total Current and Accrued Assets (15 thru 25)	33,823,251.57	37,214,450.36	3,391,198.79
27. Regulatory Assets	0.00	0.00	0.00
28. Other Deferred Debits	3,123,013.00	2,332,857.85	-790,155.15
29. Total Assets and Other Debits (5 + 14 + 26 thru 28)	341,059,251.85	342,762,954.28	1,703,702.43

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BALANCE SHEET FOR MAY 2020

	Last Year	This Year	Variance
LIABILITIES AND OTHER CREDITS			
30. Memberships	233,870.00	235,875.00	2,005.00
31. Patronage Capital	105,579,985.32	106,092,810.13	512,824.81
32. Operating Margins - Prior Years	0.00	0.00	0.00
33. Operating Margins - Current Year	226,483.19	3,856,220.62	3,629,737.43
34. Non-Operating Margins	0.00	0.00	0.00
35. Other Margins and Equities	1,534,301.49	2,177,845.15	643,543.66
36. Total Margins & Equities (30 thru 35)	107,574,640.00	112,362,750.90	4,788,110.90
37. Long-Term Debt - RUS (Net)	0.00	0.00	0.00
38. Long-Term Debt - FFB - RUS Guaranteed	144,549,045.09	150,105,253.73	5,556,208.64
39. Long-Term Debt - Other - RUS Guaranteed	0.00	0.00	0.00
40. Long-Term Debt - Other (Net)	65,232,532.37	59,659,627.75	-5,572,904.62
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)	209,781,577.46	209,764,881.48	-16,695.98
44. Obligations Under Capital Leases - Noncurrent	0.00	0.00	0.00
45. Accumulated Operating Provisions	38,356.79	44,251.07	5,894.28
46. Total Other Noncurrent Liabilities (44 + 45)	38,356.79	44,251.07	5,894.28
47. Notes Payable	0.00	0.00	0.00
48. Accounts Payable	6,964,927.64	5,496,211.30	-1,468,716.34
49. Consumers Deposits	2,249,357.54	2,280,000.70	30,643.16
50. Current Maturities Long-Term Debt	9,082,224.00	9,394,080.00	311,856.00
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	3,775,291.27	4,017,045.46	241,754.19
54. Total Current & Accrued Liabilities (47 thru 53)	22,071,800.45	21,187,337.46	-884,462.99
55. Regulatory Liabilities	0.00	0.00	0.00
56. Other Deferred Credits	1,592,877.15	-596,266.63	-2,189,143.78
57. Total Liab. & Other Credits (36+43+46+54 thru 56)	341,059,251.85	342,762,954.28	1,703,702.43
Current Assets To Current Liabilities	1.53	to 1	1.76
Margins and Equities To Total Assets	31.54	%	32.78
Long-Term Debt To Total Utility Plant	56.09	%	55.15

Statements of Cash Flows
Southside Electric Cooperative

	Period ended May 31, 2020	Period ended May 31, 2019
Cash flows from operating activities		
Electric revenue received	\$ 53,259,524	\$ 57,070,948
Power supply paid	(29,076,572)	(31,887,206)
Operating expenses paid	(12,588,848)	(14,614,645)
Interest received	49,853	58,544
Interest paid	(1,738,810)	(1,985,596)
	<hr/>	<hr/>
<i>Cash flows provided by operating activities</i>	9,905,147	8,642,045
Cash flows from investing activities		
Investment in electric plant, net	(4,784,505)	(2,631,630)
Installment loans issued	(707,036)	(699,882)
Proceeds from retirement of CTC's	16,902	19,642
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<i>Cash flows used in investing activities</i>	(5,474,639)	(3,311,870)
Cash flows from financing activities		
Proceeds from lines of credit	2,000,000	-
Payments on lines of credit	(2,000,000)	-
Proceeds from long term debt	9,500,000	-
Principal payments on long term debt	(2,582,984)	(2,456,639)
Capital credits paid to members, net	(315,268)	(253,359)
Proceeds from capital credits	640,531	148,823
Deposits collected from customers	(27,498)	46,788
Net change in memberships	1,070	635
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<i>Cash flows (used) provided by financing activities</i>	7,215,851	(2,513,752)
Net change in cash	11,646,359	2,816,423
Cash at December 31, 2019 and 2018	<hr/>	<hr/>
	4,268,396	10,910,081
Cash at May 31, 2020 and 2019	<u>\$ 15,914,755</u>	<u>\$ 13,726,504</u>

PART D. CONSUMER SALES AND REVENUE DATA							May 2020				
CLASS OF SERVICE	THIS MONTH			YEAR-TO-DATE			Avg. No. Receiving Service e.	kWh Sold Cumulative f.	Amount Cumulative g.		
	No. Receiving Service a.	kWh Sold b.	Amount c.	No. Minimum Bills d.							
1. Residential Sales (excl seas.)	54,807	45,578,015	7,309,464	21			54,702	307,452,640	41,070,508		
2. Residential Sales Seasonal											
3. Irrigation Sales											
4. Comm. & Ind 1000 KVA or Less	1,992	3,759,609	504,687	8			1,990	20,970,913	2,434,234		
5. Comm. & Ind Over 1000 KVA	16	5,242,734	472,018	0			16	35,552,514	2,517,271		
6. Public St. & Highway Lighting				3							
7. Other Sales to Public Authority	450	3,602,392	388,589	0			439	22,133,670	2,183,356		
8. Sales for Resale - REA Borr.											
9. Sales for Resale - Other											
10. (1 thru 9)	57,265	58,182,750	8,674,759	32			57,147	386,109,737	48,205,369		
11. Other Electric Revenue	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	52,761	xxxxxxxxxxxxxx			xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	389,430		
12. Total (10 + 11)	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	8,727,519	xxxxxxxxxxxxxx			xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	48,594,799		
PART D. CONSUMER SALES AND REVENUE DATA											
ITEM	THIS MONTH			YEAR-TO-DATE			ITEM	THIS MONTH		YEAR-TO-DATE	
	a.	b.						a.	b.		
1. Net kWh Generated							6. Office Use	160,591	1,145,129		
2. kWh Purchased	66,928,254	389,447,772					7. Total unaccounted For			8,584,913	2,192,906
3. Interchange kWh - Net							(4 less 5 & 6),			12.83	0.56
4. Total kWh (1 thru 3)	66,928,254	389,447,772					8. Percent System Loss (7/4)x100 . .			133,622	227,720
5. Total kWh - Sold	58,182,750	386,109,737					9. Maximum Demand (kW)				January 2020
							10. Month When Maximum Demand Occurred				