

**Piedmont Electric Membership Corporation  
Hillsborough, North Carolina  
Board of Directors Meeting  
January 16, 2023  
SUMMARY MINUTES**

The regular meeting of the Board of Directors of Piedmont Electric Membership Corporation was held at 3:00 p.m. on January 16, 2023 pursuant to notice of date and time of said meeting at the headquarters of the Cooperative in Hillsborough, North Carolina.

The following members of the Board were present: Bill Barber, Randy Kinley, David Poythress, V. Kay Scurlock-Ferguson, Steven Bailey, Richal Vanhook, Steve Long and Beth Townsend. Cy Vernon was absent due to recent surgery. Also present in person was Steve Hamlin, President and General Manager, Susan Cashion, Vice-President, Compliance and Administrative Officer, Mike Parker, Attorney, and Scott Rowland, Manager of Information Technology. Participating via TEAMS were Lisa Kennedy, Vice-President of Financial Services, Robert Riley, Vice-President of Operations and Larry Hopkins, Vice-President of Engineering.

Mr. Barber called the meeting to Order.

1. All of the directors signed their annual Recertification of Director Qualification pursuant to Board Policy 401 except Mr. Vernon who was absent.
2. Upon motion and second the Board approved the minutes from the December 19, 2022 meeting.
3. Upon motion and second the Board approved the summary minutes from the December 19, 2022 meeting.
4. Upon motion and second the Board approved the Monthly Safety Report .
5. Mr. Hamlin shared a very complimentary note from a member in the Caldwell community.
6. The Vice-President of Engineering reported that:
  - a. Piedmont has load shed plans with Duke Energy Carolinas (“DEC”) and Duke Energy Progress (“DEP”) on file with the North Carolina Utilities Commission in the event of high energy usage. DEC implemented the plan due to the bitter cold weather on Christmas Eve and required Piedmont to

shed load. No Piedmont member was off for more than 25 minutes. The load shed was performed manually from the Hillsborough office through our Supervisory Control And Data Acquisition (SCADA) system. Piedmont has a load shed plan in place based on the percentage of load reduction necessary with a list of the affected circuits.

- b. He also informed the Board that the upgrades needed for the Thermo Fisher load should be completed by the end of January 2023 and well before they are needed.
- c. He discussed the Electric Information Sharing and Analysis Center (EISAC) system operated through The Department of Homeland Security to share information on security. The FBI sent a letter warning of an increase in attacks on the electrical grid. Piedmont has requested additional patrols of the substations in the system by local sheriff's offices and asked employees to be on the watch for any suspicious activity.
- d. He reported that Landis+Gyr is installing additional commercial meters. Seventeen additional gateways are needed in addition to the eighteen already installed. More collectors are needed as well. Landis+Gyr is responsible for this additional equipment.
- e. He discussed the proposed contract for 2023 with Electrical Consulting Engineers ("ECE") as the designated consulting engineer with RUS. Their labor rates increased by approximately 5% over the 2022 contract. Upon motion by Mr. Kinley and second by Mr. Bailey, the Board approved the contract for 2023 with ECE as the designated consulting engineer.
- f. Additionally, he discussed the On Call Policy noting that eight salaried employees are on a rotation for a week at a time. One of those is now out on leave. While on call they must be ready to respond at all times. Hourly employees receive one hour of off time for each day on call and Mr. Hopkins would like the salaried on call employees to receive the same consideration. The cost to Piedmont would be approximately \$30,000 annually. Upon motion and second the Board approved granting salaried employees one hour of off time for each day on call.

7. The Vice-President of Operations gave the update from operations:
  - a. He informed the Board that the wind and extreme cold on December 23 resulted in 50 outages but everyone was back on by 2:00 a.m. on December 24 despite working through high winds and bitter cold. Lee Electric assisted Piedmont crews in restoration efforts.
  - b. He also informed the Board that Lewis Tree is 199 miles behind the 2022 scheduled right of way trimming. He has requested a meeting to discuss how they plan to get back on schedule and will threaten to impose the liquidated damages or \$200 per day outlined in their contract if they fail to meet the required schedule.
8. The Manager of Information Technology gave the Board the 2022 4<sup>th</sup> quarter update on Cybersecurity. Cyber traffic is coming from all parts of the world. While the attempted cyber hacks are a concern, incoming emails are a greater threat. Piedmont received 323,913 emails over the three-month period. Of those emails, 108,266 were blocked at the edge, 9 were malware, 5,823 were phishing, 19,890 were spam, 274 were ZAP (zero hour auto purged) and 189,651 were delivered. KnowBe4 Phishing campaigns were conducted with results during the quarter as follows: October - two campaigns, four failures and 30 reported; November - two campaigns, four failures and 29 reported; December – one campaign, one failure and 21 reported.
9. The President and General Manager noted the proposed revisions to Policy 325 – Remote Work Guidelines were on the iPads and would be discussed next meeting once the Board had time to consider the technical corrections.
10. The Vice-President, Compliance and Administrative Officer gave the following updates:
  - a. An update regarding the Rural Economic Development Loan and Grant (“REDLG”) Program noting that \$4,514,975 is available for loans under the 5% cap and \$604,906 in the revolving fund. There were no new requests during the month. Piedmont has a restricted cash balance of \$1,536,103 so \$1,000,000 is being invested with Edward Jones Investments.
  - b. She also reviewed several projects funded in part by the Infrastructure

Investment and Jobs Act. The Grassy Creek microgrid grant proposal of 50% funding of the project with Piedmont funding the other 50% is still on schedule for submission before the March 31 deadline even though Duke Energy is also considering a possible resolution to the issue. Applications were submitted for additional Level Two EV chargers at the Hillsborough and Roxboro Piedmont offices. Caswell County Schools and Orange County Schools have received grants for EV school buses with installation scheduled this year. The \$46,000 grant with Piedmont matching funds of \$35,000 for an additional EV charging station at Carrboro Plaza that should be installed by the end of the 1<sup>st</sup> quarter of 2023. Piedmont is working with some of the apartment complexes in the Carrboro area served by Piedmont for possible EV chargers through additional Volkswagen settlement funds. The Energy Efficient Transformers Rebate Program provides a maximum of \$25,000 annually with a cap of \$125,000.

11. The Annual Meeting will be held April 21, 2023 at 10:00 a.m. The meeting will be virtual and may be viewed in real time on the Piedmont website. Voting will be by mail-in ballot and online and will open on March 24 and run through April 19. There are no candidates by petition.
12. Piedmont will launch a new website on January 17 and it could take up to 24 hours to upload.
13. The Vice-President of Financial Services presented:
  - a. The semi-annual charge-offs for the period from July 1, 2021 to December 31, 2021 noting a total of \$72,871.71 for 169 accounts or approximately \$8,500 less and 37 fewer accounts than for the same period in 2020. Upon motion and second, the Board approved the charge-offs as presented.
  - b. She presented the AP8 work orders for September and October 2022 totaling \$2,106,966.88. Upon motion and second the Board approved the September and October work orders.
  - c. She presented the Financial Report for December 2022. The 2022 year-end Equity is 30.74% compared to 2021 year-end equity of 32.40. Deferred storm recovery costs to date are \$140,845.93 and Piedmont has recovered

\$97,161.27 of those expenses through the storm recovery rider, leaving \$43,684.66 in unrecovered costs. These numbers are annualized and do not include the approximate costs for Hurricane Ian of \$444,000, however a majority of this expense is expected to be reimbursed by FEMA.

- d. She presented the Wholesale Power Cost Adjustment (“WPCA”) for December 2022. The calculated February 2023 retail WPCA charge related to power cost is \$0.00979 and the calculated WPCA credit related to the coal ash clean-up is \$0.00472 resulting in a net calculated WPCA charge for February 2023 of \$0.00507.

14. The Board by consensus agreed to move all future regular January Board meetings to the third Tuesday of the month due to the Martin Luther King, Jr. holiday on the third Monday.

The staff was excused at 4:00 p.m. for an executive session that ended at 4:30 p.m.

Mr. Barber declared the meeting adjourned at 4:30 p.m. since there was no further business to come before the Board.

  
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Chair

Attest:

  
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Secretary

PEMC\Minutes 01/16/23