

Piedmont Electric Membership Corporation
Hillsborough, North Carolina
Board of Directors Meeting
August 21, 2023
SUMMARY MINUTES

The regular meeting of the Board of Directors of Piedmont Electric Membership Corporation was held at 3:00 p.m. on August 21, 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, David Poythress, V. Kay Scurlock-Ferguson, Steven Bailey, Richal Vanhook, Steve Long, Randy Kinley and Beth Townsend; Cy Vernon attended via TEAMS. Also present were Steve Hamlin, President and General Manager, Susan Cashion, Vice-President, Compliance and Administrative Officer, Angie Jones, Manager of Human Resources, 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. Also present via Teams was Russ Roundtree of the accounting firm of McNair, McLemore, Middlebrooks & Co.

Mr. Kinley, the Chair, called the meeting to Order.

1. Upon motion and second the Board approved the minutes from the July 17, 2023 meeting.
2. Upon motion and second the Board approved the summary minutes from the July 17, 2023 meeting.
3. Upon motion and second the Board approved the Monthly Safety Report.
4. Mr. Rountree discussed the 2022 Key Ratio Trend Analysis (“KRTA”) with the Board, reviewing a cross-section of several of the 144 ratios that compare cooperatives nationally and in North Carolina of similar size. He did not find anything in Piedmont’s 2022 KRTA that caused him concern; his concerns are future power costs and increasing interest rates. Mr. Roundtree was excused at 3:36 p.m.
5. Mr. Hamlin informed the Board that the balanced score card is on their iPads. The

Board requested information on the ratio of employees to the membership.

6. The Vice-President of Engineering reported that:
 - a. Piedmont's new industrial member has not increased its current load beyond 1.5 megawatts, well below their projected power needs of 5 megawatts. The delivery of the capacitors has been delayed again.
 - b. He also reported that 32,557 new meters are now installed or 95%. All of the routers are installed but the new system has had issues with the delivery of the new gateways.
 - c. Additionally, he reported Piedmont needs two new substations. He has identified two acres at the existing Buckhorn substation. He asked the Board to authorize the appropriate expenditure to acquire the site due to its excellent location next to the existing substation plus the additional authority to spend the appropriate expenditure for additional property 150 feet for the adjoining property. Upon motion and second, the Board authorized him to negotiate purchase of the additional site at Buckhorn and the additional 150 feet. He is discussing another potential substation site with the landowner but those discussions are not far enough along to ask for any authority at this time.
 - d. And finally, he discussed concerns over the potential liability for power companies arising from the recent fire in Hawaii and the bankruptcy of Pacific Gas and Electric arising from liability they incurred due to wild fires. Some have criticized the failure to cut off the power in Hawaii, claiming that increased the spread of the fires. He noted how this puts the power companies in a very difficult position since people rely on their power and to some loss of power is life threatening.
7. The Vice-President, Compliance and Administrative Officer presented the Rural Economic Development Loan and Grant ("REDLG") Program update noting that \$2,142,912 is available for loans under the 5% cap and \$256,845 in the revolving fund. There are no new loan requests. Loan documents have been sent to the City of Roxboro. The Bullock volunteer fire department may submit a loan request. The loan process with the Hurdle Mills Volunteer Fire Department is close to being

complete.

8. Additionally, she reported that Piedmont needs to make a number of changes to the Rates Schedules to reflect the change of the term “Wholesale Power Cost Adjustment” to the term “Wholesale Power and TIER Adjustment” at every place that term is used in the Service Rules and regulations. This change is needed to maintain our TIER at a certain level which is a measure of the financial strength of the Cooperative required by RUS, Piedmont’s primary lender. The changes are scheduled to become effective September 1, 2023 and should generate an additional \$1.5 million in margins before the end of anticipated period. Upon motion and second, the Board approved the recommended changes effective September 1, 2023.
9. The Vice-President of Operations presented the results of bidding for the right of way contract for 2024, 2025 and 2026. Bids were solicited from five companies and four submitted bids with the low bid from Lewis Tree Company. He noted the improvement in timeliness of Lewis Tree under the existing contract; they are good at addressing concerns of landowners. This represents an increase of approximately 16.5% over the previous three- year contract. Upon motion and second, the Board approved the award of the right-of-way contract for 2024, 2025 and 2026 to Lewis Tree Company.
10. He also gave the operations report, informing the Board Piedmont had 58 outages from the severe storm that passed through the area but was fortunate to avoid the damage suffered by other power suppliers. There were numerous positive comments posted about Piedmont on social media.
11. The President and General Manager presented a proposed change to Policy 110 on anti-nepotism. The Board discussed whether to change the current policy to implement a complete ban on employing relatives as per the policy Piedmont had before 1995. Upon motion and second, the Board voted to adopt the pre-1995 policy banning the employment of/continued employment of relatives, defined as spouse, child, brother, sister, parent, aunt, uncle, nephew or niece, by blood or by marriage.
12. He also presented a Indefeasable Right of Use (“IRU”) or lease of two strands of dark fiber by Windstream for a one-time fee of \$84,000 plus a reoccurring annual

maintenance fee of \$9,625. The IRU is similar to the one Piedmont signed recently with Crown Castle. Upon motion and second, the Board approved the IRU with Windstream. There are still 120 strands remaining for other future potential IRU's.

13. Jammie Starks has asked if the Board might be interested in building additional fiber for a possible IRU with MidAtlantic Broadband with a onetime fee of \$504,000.00 and annual maintenance of \$21,000.00. She noted others are also bidding for this IRU.
14. Mr. Hamlin reminded the Board members to submit the names of the Nominations Committee by the next Board meeting in September.
15. The Vice President of Financial Services presented the AP8 Work Orders for May and June 2023 totaling \$1,849,051.79. Upon motion and second, the Board approved the AP8 Work Orders for May and June 2023.
16. She also presented the Financial Report for July 2023. The deferred storm recovery costs to date are \$202,161.38 and Piedmont has recovered \$42,576.34 through the storm recovery rider, resulting in an under-recovery of \$159,585.04 of recovered costs. Additionally she presented the Wholesale Power Cost Adjustment ("WPCA") for August 2023. The calculated September 2023 retail WPTA charge related to power cost is \$0.01328; the calculated WPTA charge related to the coal ash clean-up is \$0.00297 and the calculated WPTA charge related to TIER is \$0.00971 resulting in a net calculated WPTA charge for September 2023 of \$0.02596.
17. Mr. Hamlin reported that Enervision is looking at other possible suppliers for wholesale power.

The staff was excused at 5:50 p.m. for an executive session that ended at 6:35 p.m.

Mr. Kinley declared the meeting adjourned at 6:35 p.m. since there was no further business to come before the Board.


Chair

Attest:


Secretary