

**Piedmont Electric Membership Corporation
Hillsborough, North Carolina
Board of Directors Meeting
March 15, 2021
SUMMARY MINUTES**

The regular meeting of the Board of Directors of Piedmont Electric Membership Corporation was held at 3:00 p.m. on March 15, 2021 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 in person: Bill Barber, Sam Woods, Randy Kinley, Steve Long, Cy Vernon, Steven Bailey and David Poythress with Andy Oakley, Elizabeth Townsend, and Richal Vanhook participating via TEAMS. Also present in person was Steve Hamlin, President and General Manager, Mike Parker, Attorney and Scott Rowland, Manager of Information Technology. Participating via TEAMS were the following staff members: Susan Cashion, Vice-President, Chief Compliance and Administrative Officer, Larry Hopkins, Vice-President of Engineering, Lisa Kennedy, Vice-President of Financial Services, Robert Riley, Vice-President of Operations, and Brandon Reed, Manager of Member Services. Also present in person was Bryan Isgett of the accounting firm of McNair, McLemore, Middlebrooks & Co. and participating via TEAMS was Stephanie Beauregard of Booth & Associates, LLC

Mr. Barber, Chairman, called the meeting to Order.

Upon motion and second the Board approved the minutes from the February 15, 2021 meeting unanimously.

Upon motion and second, the Board approved the summary minutes from the February 15, 2021 meeting unanimously.

The following business was discussed on various levels of detail:

1. Upon motion and second, the Board approved the Monthly Safety Report.
2. The Manager of IT services asked the Board members to either leave their iPads with him for an update or deliver them to be updated. He informed the Board of an attempted cyber attack and stated he continued to do all he could to prevent all such attempts.
3. Staff reminded the Board of the Annual Meeting on April 16, 2021 at 10:00 which will again be streamed live.
4. On power supply issues, the General Manager reported the coal ash remediation

overcollection balance is approximately \$1,708,000. Negotiations are ongoing to resolve Catawba Nuclear energy and coal ash remediation issues.

5. Ms. Beauregard presented the results of a cost-of-service study by Booth & Associates, LLC. She then reviewed the cost-of-service study to calculate the justifiable increases by rate class using a methodology from the national Association of Regulatory Utility Commissioners' *Electric Utility Cost Allocation Manual*. The result was to indicate changes as follows:

Residential Service:	Justifiable - (0.96%)	Proposed - 0.62%
Residential Service -EE:	Justifiable - (0.06%)	Proposed - 0.55%
Small General Service:	Justifiable - 2.29%	Proposed - 0.79%
General Service:	Justifiable - 1.27%	Proposed - 0.00%
Large Power Service:	Justifiable - 1.68%	Proposed - 0.00%
Plantation Pipeline:	Justifiable - 0.00%	Proposed - 0.00%
Lighting Service:	<u>Justifiable - 10.14%</u>	<u>Proposed - 0.00%</u>
Total:	Justifiable - (0.15%)	Proposed - 0.58%

Ms. Beauregard explained that a rate should recover the fixed costs through fixed charges and variable costs through variable charges. She recommends the following changes:

A \$1.00 per month increase in the basic facilities charges for residential and small commercial consumers,

*Products Southeast Pipeline (formerly Plantation Pipeline) - reduce the annual demand charge from \$213.32 to \$208.79 and the summer demand charge from \$21.33 to \$20.88 and increase the energy charge from \$0.02220 to \$0.02310,

*Qualifying facilities -increase the basic facilities charge from \$3.75 to \$5.00,

*The EE and REPS Riders – increase the energy charges per kwh from \$0.00477 to \$0.00511 for residential and from \$0.001069 to \$0.001475 for commercial/industrial, and

* Increase the REPS rider for residential from \$0.48 to \$0.64; for commercial from \$2.66 to \$3.53 and industrial from \$17.75 to \$23.55.

She concluded by noting that the average cost of purchased power built into the proposed rates will be \$6.643 per kwh. Upon motion and second, the Board unanimously adopted the recommendations of changes along with an increase of \$1.00 in the facilities charge for residential and small commercial consumers effective May 1, 2021.

6. Staff discussed the current charges for construction-in-aid noting that costs have decreased by 4.84%. After discussion, upon motion by Mr. Poythress and second by Mr. Bailey, the Board voted to keep the current rate for construction-in-aid.
7. Bill Shillito and Greg Coltrain of RiverStreet Networks (“RSN”) joined the meeting via TEAMS to discuss the deployment of broadband services. They presented a map showing areas of Person County that are or will be deployed through the Oak Point, Woodland, Bushy Fork, Bethel Hill, Mt. Tirzah and Whitt towers. They currently have 59 clients, mostly near Oak Point. They also showed a map of the areas of Caswell County that will be part of the future deployment with the NC Great Grant award of \$1.5 million and RSN’s match of \$1.1 million.
8. Staff reported on a conversation with a Joe Prater, IV with Spectrum/Charter Communications about how they were excited about expansion of broadband in Piedmont territory. They want to discuss the make ready and pole attachment fees.
9. Mr. Isgett presented the 2020 annual audit report for the Cooperative. He first reviewed the generally accepted auditing standards, noting that it was “clean audit” with no major issues, exceptions or audit adjustments. no uncorrected material or immaterial misstatements and no disagreements with management and that the staff was very cooperative. He noted the audit was conducted remotely this year due to COVID.
10. The staff was excused at 5:00 p.m. and the Board and Mr. Parker met in executive session

with Mr. Isgett. The executive session ended at 5:25. Mr. Isgett was excused with the thanks of the Board.

11. The General Manager asked the Board to approve the employment of McNair, McLemore, Middlebrooks & Co to do the audit for 2021. The Board by consensus agreed to employ McNair, McLemore, Middlebrooks & Co for the 2021 audit but asked that a different partner do the audit. They also requested that General Manager explore the cost should they decided to employ a different accounting firm to conduct the audit.
12. Mr. Parker presented a request from the Orange Rural Fire Department No. 1 (“ORFD”) to substitute collateral on their REDLG loan of \$640,000.00 received from Piedmont in December 2018. It is secured by the parking lot for the fire station on Churton Street and they plan to build a new fire station in Waterstone near the UNC Hospital south of Hillsborough. They have requested that Piedmont allow them to substitute three other properties for the parking lot as collateral including the ORFD fire stations on Walker Road and Phelps Road and a lot on Highway 86 North. The tax value of the current collateral is \$639,400 and combined tax value of the property offered as substitute collateral is \$483,500.00. The balance owed on the Note is \$448,000 as a result of the annual \$64,000 payment on March 1, 2021. Upon motion and second, the Board approved the ORFD request for substitution of collateral.
13. Staff presented several more gender-neutral changes to job titles. President and CEO will now be President and General Manager; Chairman will now be Chair and Vice-Chairman will be Vice-Chair. Upon motion and second the Board unanimously approved these new titles.
14. Staff noted that there is a slight decrease in the accounts receivable since the February Board meeting.
15. There are no new Rural Economic Development Loan and Grant Program (“REDLG”) requests.

16. Staff reported that the charging stations are ready to be installed at the two locations. Staff also reported that over 300 meters are already installed for the pilot program and are working well.
17. Staff discussed a proposal for a new logo to provided branding consistency. Upon motion and second, the Board voted unanimously to gradually change the logo to the three forms presented by staff.
18. The Vice-President of Operations reported on damage from the ice storms on February 13 through 15 and February 18th. On February 12 Piedmont had 8,596 outages and the anticipated costs for restoration will be \$769,941.30 and on February 18 Piedmont had 895 outages at an anticipated cost of \$289,549.04 or a total anticipated cost of \$1,059,490.34. Piedmont sent eight line technicians to Southside Virginia Electric Cooperative in Crewe, Virginia to assist with power restoration after they were hit with an ice storm. The Board, by consensus, agreed to give each of the line technicians a \$50 gift card.
19. The Vice-President of Financial Services presented the Financial Report for February 2021 and the Wholesale Power Cost Adjustment for February 2021. When applied to the previous accumulated difference the positive recovery is \$862,253.94. The calculated April 2021 retail WPCA credit related to power cost is (\$0.00499) and the calculated WPCA charge related to the coal ash clean-up is \$0.00150 resulting in a net calculated WPCA credit for April 2021 of (\$0.00349).
20. Additionally, deferred storm recovery costs to date are \$400,411.78 and Piedmont has recovered \$327,947.87 of those expenses through the storm recovery rider. These storm recovery costs do not include those costs associated with the recent ice storms reported earlier in the meeting. Upon motion and second, the Board voted unanimously to add \$1,060,000 to the amount to be collected by the storm rider less any amount that may be reimbursed by FEMA.
21. Staff reported that Broad River EMC has indicated they may want to continue their use of

Piedmont's accounting department on a permanent basis.

Mr. Barber declared the meeting adjourned at 6:30 p.m. since there was no further business to come before the Board.

BR Barber
Chair

Attest:

Sam T. Woods
Secretary

PEMC\Minutes 03/15/21