

MINUTES
SOUTHSIDE ELECTRIC COOPERATIVE
MEETING OF THE BOARD OF DIRECTORS
MAY 18, 2023 @ 1:30 PM
SEC HEADQUARTERS BOARDROOM

PRESENT: Frank W. Bacon (Chair)
Earl C. Currin, Jr. (Vice Chair)
Paul S. Bennett (Secretary) - Remote
Charles J. Friedl (Treasurer) – Remote
Brenda H. Johnson
Kristie Martin-Wallace
Clive C. Pettis, Sr.
Sarah W. Saunders - Remote
William T. White

Frank F. Rennie (General Counsel)

Lori T. LaPradd (Minute Taker)

STAFF: Jason C. Loehr, President/CEO
George A. Felts, VP of Engineering & Operations
Jacob H. McCann, VP of Human Resources
Ronald O. White, VP of Governmental & Regulatory Affairs
Sheena L. Lankford, VP of Member Engagement & Communications

Dr. Frank Bacon presided, and Ron White gave the invocation.

PREVIOUS MINUTES

On motion made and seconded:

The Minutes of the April 20, 2023, Regular Board Meeting are approved.

MOTION CARRIED

ODEC REPORT

Dr. Earl Currin and Jason Loehr gave the ODEC Board report.

PRESIDENT/CEO'S REPORT

1. The SEC Financial and Statistical report for April 2023 was reviewed and is attached to and made a part of the Minutes.
2. The Cooperative's accounts receivable write-offs were reviewed:
 - Accounts receivable write-offs from November 2022 through January 2023 equal \$117,277.33.
 - Year-to-date write-offs total \$203,208.43.

On motion made and seconded:

The accounts receivable write-offs in the amount of \$117,277.33 are approved as presented.

MOTION CARRIED

3. The Board was provided information regarding cybersecurity events during the month of April 2023.
4. The Institute of Electrical & Electronics Engineers (IEEE) outage data report for April 2023 were reviewed in detail:

IEEE Outage Data

- a. System SAIDI, SAIFI and CAIDI were all higher than historical values for the month.
- b. There were zero (0) Appalachian Power Company (APCO), two (2) Dominion Energy (DE), and one (1) Southside Electric Cooperative (SEC) supply outages during the month of April.
- c. There were no major event days during the month.

Operations:

- a. A total of 49 new service orders were completed during April. New service construction activity was below average when compared to historical levels for the previous three-year April averages of 64 new service work orders.
- b. Outage causes:
 - Trees 43.0% or 160 outages; 18 outside the right-of-way
 - Weather 22.0% or 81 outages
 - Fault/Failure 10.0% or 37 outages
 - Animals 8.0% or 29 outages
 - Unknown 5.0% or 20 outages
 - Decay/Age 5.0% or 19 outages
 - Public 4.0% or 14 outages
 - Maintenance/Planned 2.0% or 9 outages
 - Power Supply 1.0% or 2 outages

5. Data Center Opportunities

- a. George Felts presented the Data Center Opportunity locations within SEC's service territory. Some of the key drivers for these potential locations are:
 - Access to Interstate Roadway System (I-85/I-95)
 - Access to Bulk Transmissions Systems (230kv or above)
 - Access to Bulk Telecommunications Infrastructures

6. HR and Safety Report

- a. The average number of employees for the month of April was 138.
- b. There were no lost-time injuries in April 2023.
- c. As of May 11, 2023, employees have worked 230 days without a loss time event.

7. The Southside Opportunity Fund (SOF) Board meeting was held on Wednesday, April 26, 2023, and the Board approved \$41,000 in scholarships and donations for 2023. The details are as follows:

- a. Twenty-four \$1,000 scholarships and six \$2,000 scholarships were awarded.
- b. A \$5,000 donation was made to the Jeff Edwards Scholarship Fund, supporting the Powerline Worker Training program at Southside Virginia Community College.

8. The Board of Directors, Executive Leadership Team, along with Brad Kitchens completed the Strategic Planning sessions. A four-year Strategic Plan was developed.

On motion made and seconded:

The Strategic Plan is approved as presented.

MOTION CARRIED

NEW BUSINESS

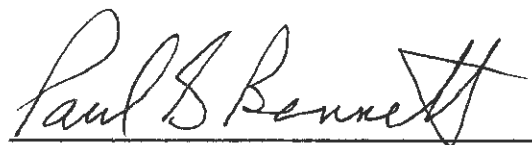
1. Ron White presented the 2023 America's Electric Cooperatives PAC Campaign (formerly ACRE). Applications for participation are currently being distributed.

LEGAL REPORT

1. Frank Rennie reported on outstanding legal matters around the state in addition to those impacting SEC directly.

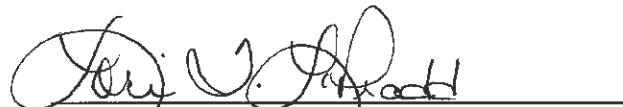
EXECUTIVE SESSION, DIRECTOR COMMENTS/CONCERNS & ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at 3:18 pm. The next meeting of the Board of Directors is scheduled for Thursday, June 15, 2023, at 1:30 pm at the SEC Headquarters Boardroom.



Paul S. Bennett, Secretary


Frank W. Bacon, Chair


Lori T. LaPradd, Minute Taker

STATEMENT OF GENERAL FUNDS AND OTHER ASSETS
April 30, 2023

General Fund
Cash in Banks 4,038,873.68

General Funds Invested
CFC - CTC's 1,977,666.02
CFC - Patronage Capital 3,366,499.85
Federated Insurance Corporation 579,787.00
TEC Trading Incorporated 622,500.00
Town of Hurt 1,000.00

Notes and Accounts Receivable
Electric Consumer 8,219,702.94
Other Accounts Receivable 27,606,237.87

46,412,267.36

Material and Supplies in Stock 4,044,303.52

Construction Work in Progress
to be Paid from Construction Funds 0.00

TOTAL 50,456,570.88

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				34,000,000.00
Gross Obligations	37,998,604.35	157,071,208.34	10,396,515.64	4,000,000.00
Interest Paid This Year	471,480.83	1,104,822.70	135,263.23	43,783.49

Southside Electric Cooperative For the Month Ending April 2023

Comparative Operating Statistics

	Y-T-D 2022	Y-T-D 2023	April 2023
New Services Connected	229	285	63
Meters Removed	726	623	197
Meters Reinstalled	463	480	138
Services Idle, Excluding Seasonal	4,339	4,680	4,680
Number of Services Retired	21	21	9
Total Consumers Receiving Service	58,290	58,707	58,707
Total Miles Energized	8,415	8,460	8,460

Meters Installed - New Services

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
January	52	83	72	61	40	70
February	52	48	49	31	41	68
March	41	66	58	47	100	84
April	52	55	53	90	48	63
May	52	72	70	75	59	
June	54	42	43	83	74	
July	67	79	69	63	54	
August	72	68	63	70	84	
September	50	62	57	71	76	
October	47	90	75	88	64	
November	45	31	33	68	65	
December	32	71	68	77	54	
Total	616	767	710	824	759	285

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General Ledger

Financial And Operating Report Electric Distribution

INCOME STATEMENT FOR APR 2023

Item	-----Year - To - Date-----			-----Period - To - Date-----	
	Last Year	This Year	Budget	Current	Budget
1. Operating Revenue and Patronage Capital	42,299,827.99	44,195,196.55	47,307,810.32	8,693,895.66	9,280,082.33
2. Power Production Expense	0.00	0.00	0.00	0.00	0.00
3. Cost of Purchased Power	21,812,650.23	25,302,660.70	27,473,423.00	4,892,647.49	5,209,134.00
4. Transmission Expense	2,524.41	34,534.55	13,412.00	0.00	3,353.00
5. Regional Market Expense	0.00	0.00	0.00	0.00	0.00
6. Distribution Expense - Operation	1,532,575.27	1,631,256.76	1,718,260.00	382,114.08	429,565.00
7. Distribution Expense - Maintenance	7,843,262.03	5,522,702.75	5,590,176.00	1,292,817.31	1,396,294.00
8. Customer Accounts Expense	760,459.64	680,539.46	810,661.32	188,714.26	198,915.33
9. Customer Service and Informational Expense	1,062,244.82	1,254,176.77	1,111,388.00	369,816.65	270,347.00
10. Sales Expense	154,961.13	194,519.08	207,864.00	44,389.82	51,966.00
11. Administrative and General Expense	1,998,180.20	1,850,835.46	2,204,503.00	300,438.94	535,957.00
12. Total Operation & Maintenance Expense (2 thru 11)	35,166,857.73	36,471,225.53	39,129,687.32	7,470,938.55	8,095,531.33
13. Depreciation & Amortization Expense	4,038,518.96	4,148,197.46	4,140,333.32	1,041,536.29	1,035,083.33
14. Tax Expense - Property & Gross Receipts	582,588.00	576,800.00	576,800.00	144,200.00	144,200.00
15. Tax Expense - Other	0.00	0.00	0.00	0.00	0.00
16. Interest on Long-Term Debt	1,719,566.82	2,225,331.88	2,187,932.00	538,631.41	546,983.00
17. Interest Charged to Construction - Credit	0.00	0.00	0.00	0.00	0.00
18. Interest Expense - Other	15,229.95	70,030.78	38,336.00	36,492.75	9,584.00
19. Other Deductions	7,798.67	59,072.58	20,000.00	7,612.62	5,000.00
20. Total Cost of Electric Service (12 thru 19)	41,530,560.13	43,550,658.23	46,093,088.64	9,239,411.62	9,836,381.66
21. Patronage Capital & Operating Margins (1 minus 20)	769,267.86	644,538.32	1,214,721.68	-545,515.96	-556,299.33
22. Non Operating Margins - Interest	32,203.79	29,505.55	46,664.00	6,301.45	11,666.00
23. Allowance for Funds Used During Construction	0.00	0.00	0.00	0.00	0.00
24. Income (Loss) from Equity Investments	0.00	0.00	0.00	0.00	0.00
25. Non Operating Margins - Other	3,095,197.27	-2,327.13	-5,000.00	-6,361.95	-1,250.00
26. Generation and Transmission Capital Credits	233,333.32	236,375.32	233,333.32	58,333.33	58,333.33
27. Other Capital Credits and Patronage Dividends	367,474.67	136,283.82	290,000.00	0.00	145,000.00
28. Extraordinary Items	0.00	0.00	0.00	0.00	0.00
29. Patronage Capital or Margins (21 thru 28)	4,497,476.91	1,044,375.88	1,779,719.00	-487,243.13	-342,550.00
Operating - Margin	4,497,476.91	1,044,375.88	1,779,719.00	-487,243.13	-342,550.00
Non Operating - Margin	0.00	0.00	0.00	0.00	0.00
Times Interest Earned Ratio - Operating	1.45	1.29			
Times Interest Earned Ratio - Net	3.62	1.47			
Times Interest Earned Ratio - Modified	3.27	1.30			

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General Ledger Financial And Operating Report Electric Distribution

BALANCE SHEET FOR APR 2023

	Last Year	This Year	Variance
ASSETS AND OTHER DEBITS			
1. Total Utility Plant in Service	387,035,756.06	397,748,548.46	10,712,792.40
2. Construction Work in Progress	11,969,422.81	6,284,143.37	-5,685,279.44
3. Total Utility Plant (1 + 2)	399,005,178.87	404,032,691.83	5,027,512.96
4. Accum. Provision for Depreciation and Amort.	146,081,617.42	154,323,378.34	8,241,760.92
5. Net Utility Plant (3 - 4)	252,923,561.45	249,709,313.49	-3,214,247.96
6. Non-Utility Property (Net)	12,716.57	9,599.70	-3,116.87
7. Invest. in Subsidiary Companies	0.00	0.00	0.00
8. Invest. in Assoc. Org. - Patronage Capital	52,021,093.62	52,819,451.70	798,358.08
9. Invest. in Assoc. Org. - Other - General Funds	2,552,433.52	2,558,453.02	6,019.50
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	709,645.33	707,208.32	-2,437.01
13. Special Funds	0.00	0.00	0.00
14. Total Other Property & Investments (6 thru 13)	55,295,889.04	56,094,712.74	798,823.70
15. Cash - General Funds	5,328,936.54	4,038,873.68	-1,290,062.86
16. Cash - Construction Funds - Trustee	0.00	0.01	0.01
17. Special Deposits	0.00	0.00	0.00
18. Temporary Investments	0.00	0.00	0.00
19. Notes Receivable (Net)	5,594.23	0.00	-5,594.23
20. Accounts Receivable - Sales of Energy (Net)	7,689,105.26	8,219,702.94	530,597.68
21. Accounts Receivable - Other (Net)	22,016,367.05	27,606,237.87	5,589,870.82
22. Renewable Energy Credits	0.00	0.00	0.00
23. Material and Supplies - Electric & Other	3,517,022.28	4,044,303.52	527,281.24
24. Prepayments	143,697.48	112,776.29	-30,921.19
25. Other Current and Accrued Assets	5,445,889.63	5,449,598.76	3,709.13
26. Total Current and Accrued Assets (15 thru 25)	44,146,612.47	49,471,493.07	5,324,880.60
27. Regulatory Assets	0.00	0.00	0.00
28. Other Deferred Debits	124,321.78	99,231.56	-25,090.22
29. Total Assets and Other Debits (5 + 14 + 26 thru 28)	352,490,384.74	355,374,750.86	2,884,366.12

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General Ledger Financial And Operating Report Electric Distribution

BALANCE SHEET FOR APR 2023

	Last Year	This Year	Variance
LIABILITIES AND OTHER CREDITS			
30. Memberships	240,090.00	241,300.00	1,210.00
31. Patronage Capital	116,764,088.80	124,963,261.01	8,199,172.21
32. Operating Margins - Prior Years	0.00	0.00	0.00
33. Operating Margins - Current Year	4,497,476.91	1,044,375.88	-3,453,101.03
34. Non-Operating Margins	0.00	0.00	0.00
35. Other Margins and Equities	3,335,355.11	3,570,943.43	235,588.32
36. Total Margins & Equities (30 thru 35)	124,837,010.82	129,819,880.32	4,982,869.50
37. Long-Term Debt - RUS (Net)	0.00	0.00	0.00
38. Long-Term Debt - FFB - RUS Guaranteed	151,151,009.42	151,933,704.51	782,695.09
39. Long-Term Debt - Other - RUS Guaranteed	0.00	0.00	0.00
40. Long-Term Debt - Other (Net)	48,294,220.31	43,730,631.09	-4,563,589.22
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)	199,445,229.73	195,664,335.60	-3,780,894.13
44. Obligations Under Capital Leases - Noncurrent	0.00	0.00	0.00
45. Accumulated Operating Provisions	53,212.10	39,809.18	-13,402.92
46. Total Other Noncurrent Liabilities (44 + 45)	53,212.10	39,809.18	-13,402.92
47. Notes Payable	3,000,000.00	4,000,000.00	1,000,000.00
48. Accounts Payable	6,606,426.87	7,594,546.09	988,119.22
49. Consumers Deposits	2,265,329.06	2,506,415.04	241,085.98
50. Current Maturities Long-Term Debt	10,675,130.00	9,801,992.73	-873,137.27
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	3,251,976.18	3,487,066.21	235,090.03
54. Total Current & Accrued Liabilities (47 thru 53)	25,798,862.11	27,390,020.07	1,591,157.96
55. Regulatory Liabilities	0.00	0.00	0.00
56. Other Deferred Credits	2,356,069.98	2,460,705.69	104,635.71
57. Total Liab. & Other Credits (36+43+46+54 thru 56)	352,490,384.74	355,374,750.86	2,884,366.12
Current Assets To Current Liabilities	1.71	to 1	1.81 to 1
Margins and Equities To Total Assets	35.42	%	36.53 %
Long-Term Debt To Total Utility Plant	49.99	%	48.43 %

Statements of Cash Flows
Southside Electric Cooperative

	Period ended April 30, 2023	Period ended April 30, 2022
Cash flows from operating activities		
Electric revenue received	\$ 52,130,917	\$ 45,193,294
Power supply paid	(29,069,161)	(21,352,237)
Operating expenses paid	(14,098,512)	(16,149,525)
Interest received	29,506	32,204
Interest paid	(1,781,598)	(1,346,888)
FEMA monies received	194,737	-
	<hr/>	<hr/>
<i>Cash flows provided by operating activities</i>	7,405,889	6,376,848
Cash flows from investing activities		
Investment in electric plant, net	(3,565,215)	(5,007,633)
Installment loans issued	(1,060,304)	(757,969)
Proceeds from retirement of CTC's	10,237	19,304
	<hr/>	<hr/>
<i>Cash flows used in investing activities</i>	(4,615,283)	(5,746,298)
Cash flows from financing activities		
Proceeds from lines of credit	8,548,743	3,000,000
Payments on lines of credit	(4,548,743)	-
Principal payments on long term debt	(2,778,064)	(2,985,841)
Capital credits paid to members, net	(147,009)	(152,019)
Proceeds from capital credits	102,338	1,113,804
Deposits collected from customers	91,960	96,298
Net change in memberships	410	(245)
	<hr/>	<hr/>
<i>Cash flows (used) provided by financing activities</i>	1,269,635	1,071,997
Net change in cash	4,060,241	1,702,547
Cash (Overdraft) at December 31, 2022 and 2021	<hr/> (108,373)	<hr/> 3,626,391
Cash at April 30, 2023 and 2022	<hr/> \$ 3,951,868	<hr/> \$ 5,328,938

PART D. CONSUMER SALES AND REVENUE DATA					April 2023		
CLASS OF SERVICE	THIS MONTH				YEAR-TO-DATE		
	No. Receiving Service a.	kWh Sold b.	Amount c.	No. Minimum Bills d.	Avg. No. Receiving Service e.	kWh Sold Cumulative f.	Amount Cumulative g.
1. Residential Sales (excl seas.)	56,248	55,331,245	7,048,546	19	56,197	280,458,292	37,055,240
2. Residential Sales Seasonal							
3. Irrigation Sales							
4. Comm. & Ind 1000 KVA or Less	1,991	4,401,179	522,480	7	1,989	18,254,252	2,203,262
5. Comm. & Ind Over 1000 KVA	18	5,438,299	526,132	0	18	25,246,032	2,310,334
6. Public St. & Highway Lighting							
7. Other Sales to Public Authority	450	4,458,200	491,542	2	450	19,105,294	2,182,982
8. Sales for Resale - REA Borr.							
9. Sales for Resale - Other							
10. (1 thru 9)	58,707	69,628,923	8,588,700	28	58,654	343,063,870	43,751,819
11. Other Electric Revenue	xxxxxxxxxxx	xxxxxxxxxxx	105,195	xxxxxxxxxxx	xxxxxxxxxxx	xxxxxxxxxxx	443,378
12. Total (10 + 11)	xxxxxxxxxxx	xxxxxxxxxxx	8,693,896	xxxxxxxxxxx	xxxxxxxxxxx	xxxxxxxxxxx	44,195,197

PART D. CONSUMER SALES AND REVENUE DATA					
ITEM	THIS MONTH a.	YEAR-TO-DATE b.	ITEM	THIS MONTH a.	YEAR-TO-DATE b.
1. Net kWh Generated			6. Office Use	197,847	906,619
2. kWh Purchased	60,371,501	318,082,185	7. Total unaccounted For (4 less 5 & 6),	(9,455,269)	(25,888,304)
3. Interchange kWh - Net			8. Percent System Loss (7/4)x100 . .	(15.66)	(8.14)
4. Total kWh (1 thru 3)	60,371,501	318,082,185	9. Maximum Demand (kW)	157,632	247,032
5. Total kWh - Sold	69,628,923	343,063,870	10. Month When Maximum Demand Occurred . . .		February 2023