

**MID-CAROLINA ELECTRIC COOPERATIVE, INC.**  
**LEXINGTON, SOUTH CAROLINA**  
**MINUTES OF REGULAR MEETING OF BOARD OF TRUSTEES**

**AUGUST 26, 2020**

**AGENDA ITEM # 1**

**CALL TO ORDER:**  
(1:00 p.m.)

Marvin W. Sox, President/Chairman  
Clifford B. Shealy, Vice President/Vice Chairman  
Donette B. Kirkland, Secretary  
J. Allan Risinger, Treasurer  
J. Carey Bedenbaugh, Jr.  
Eddie C. Best, Jr.  
Kenneth V. Frick  
Alan R. Lunsford  
Justin B. Watts

**STAFF PRESENT:**

B. Robert "Bob" Paulling, President and CEO  
Theresa D. Crepes, VP, Finance and Accounting  
Lee H. Ayers, VP, Engineering  
Keith D. Sturkie, VP, Information Technology  
Vicki E. Ross-Bell, Administrative Services Manager

**ATTORNEY PRESENT:** J. David Black

**INVOCATION:** Donette Kirkland

**PLEDGE OF ALLEGIANCE**

**AGENDA ITEM # 2**

**APPROVAL OF MINUTES:** Chairman Sox called the meeting to order and asked if there were any corrections, additions or deletions to the minutes of the regular meeting held on July 29, 2020. There were no corrections to these minutes, and Mr. Shealy made a motion to approve the minutes, as presented. The motion was seconded by Mr. Bedenbaugh and unanimously passed.

**See Resolution # 1**

### AGENDA ITEM # 3

**UNFINISHED BUSINESS:** There was no unfinished business to come before the meeting at this time.

### AGENDA ITEM # 4

#### **DEPARTMENTAL REPORTING:**

**FINANCE AND ACCOUNTING:** Chairman Sox called on Mrs. Crepes for the Finance and Accounting report. Mrs. Crepes reported year-to-date revenue was \$76,191,299, which is \$3,943,282 below budget at the end of July. The year-to-date cost of wholesale power was \$45,750,510 which is under budget by \$3,240,322. Year-to-date margins were \$2,572,479, which is \$81,855 below budget. Mrs. Crepes reported that equity was 22.70% at the end of the month for a decrease of -0.11%. She then reported the deferred credits account balance changed by (\$556,726) and the ending balance was (\$2,514,392).

Mrs. Crepes then presented a rate comparison chart showing an average residential usage of 1,797 kWh in July. Mid-Carolina's average bill was \$196.59 (account charge \$28.50) compared to Dominion's \$223.24 (account charge \$9.00), Duke – Carolina's \$217.66 (account charge \$11.96), and Duke – Progress \$213.62 (account charge \$11.78). Mrs. Crepes discussed the year-to-date amount of \$657,848 that CarolinaConnect has paid Mid-Carolina in access fees. There were no further questions or comments, and Chairman Sox thanked Mrs. Crepes for her report.

**OPERATIONS:** Chairman Sox called on Mr. Paulling for the Operations report. Mr. Paulling reported the locations that the Mid-Carolina and Contractor crews worked in July. The right-of-way crews are still working in the Pelion, Hollywood and South Congaree areas. There were 186 dead trees cut during the month. Mr. Paulling stated the System Inspectors are still working in the Leesville area. The Tomberlin Pole Inspectors have completed their work on the pole inspections this year. There were 9,058 poles inspected with 6,009 being treated and 168 were rejected, which is 1.85%. There were no further questions or comments, and Chairman Sox thanked Mr. Paulling for the report.

**ENGINEERING:** Chairman Sox called on Mr. Ayers for the Engineering report. Mr. Ayers reported that the routine inspection and maintenance was completed. The annual contractor substation infrared scanning has been completed along with corrective action to clear up all hot spots identified. Mr. Ayers reported that the Santee Cooper System Metering preemptive change outs of 30+ year old metering transformers at other substations have been delayed until cooler weather and lower loading.

Mr. Ayers then showed a chart graphing kWh purchased each month year-to-date from 2015-2020 with a five year running average. The next chart showed the kW Demand purchased each month year-to-date from 2015-2020 with a five year running average. The monthly outage report and notes for July were discussed. There were no further questions or comments, and Chairman Sox thanked Mr. Ayers for his report.

**MEMBER SERVICES:** Chairman Sox called on Mr. Simpson for the Member Services report. Mr. Simpson called on Mrs. Christina Rish, who gave an update on the Cooperative's disconnect process that was reinstated on July 6, 2020. She discussed the messaging to the members, and the statistics of phone calls, electronic messaging, payment arrangements, Pay As You Go, and disconnects. Chairman Sox thanked Mrs. Rish for her report.

Mr. Simpson gave an update on the winner of EnLIGHTenSC from Chapin, and the Youth Tour winner from West Columbia. He discussed several communication tools that will be used on the Cooperative's website in an effort to inform and educate members in regards to Damage and Prevention Awareness of underground and overhead electric lines. Mr. Simpson showed several videos for the Cooperative's website involving safety during COVID-19, and how members can save money during peak hours.

Mr. Simpson discussed a couple of upcoming Energy Services programs. He stated the Bright Ideas application deadline has been extended for the teachers, and the TreeMendUs program has been cancelled for this year. Mr. Simpson reported on the *South Carolina Living* schedule through November/December 2020. There were no further questions or comments, and Chairman Sox thanked Mr. Simpson for his report.

**INFORMATION TECHNOLOGY:** Chairman Sox called on Mr. Sturkie for the Information Technology report. Mr. Sturkie reported there were 31,026 accounts enrolled in SmartHub as of August 1, 2020, which represents 53.9% of active accounts enrolled. In July, 76.5% of all payment transactions were made electronically, and 5.5% of payment transactions were entered manually through the Cooperative's cash-drawer application.

Mr. Sturkie reported that 48.7% of July payments were made by Credit Card. At the Dutch Fork Office, there was 1 payment made through the Verifone in July, and there were 0 payments made through the Verifone at the Lexington Office. Mr. Sturkie showed a comparison of the number of payment transactions made via the drive-thru window at the Lexington and Dutch Fork offices in July 2020 with 3,253 total payments compared to July 2019 with 4,908 total payments. There were 2,350 people on Pay As You Go, as of August 1, 2020. Mr. Sturkie then gave an update on the Cooperative's Windows 10 Migration and Cyber Security. There were no further questions or comments, and Chairman Sox thanked Mr. Sturkie for his report.

**ADMINISTRATION:** Chairman Sox called on Mrs. Ross-Bell for the Administration report. Mrs. Ross-Bell referred to the monthly Operation Round-Up report. In July, the Trust Board did not meet, and the donations were doubled again in July for a total distribution of \$12,449. The Trust Fund balance at the end of the month was \$52,537.

The Board calendars were reviewed through December 2020. There was a discussion about the NRECA Regional Meeting that will be online this year, and Chairman Sox, Mr. Bedenbaugh and Mr. Paulling will participate. The Board discussed and decided that the NRECA online courses that are two days, and the online regional and annual meetings that are two days will be paid at the "other" per diem amount. There were no further questions or comments, and Chairman Sox thanked Mrs. Ross-Bell for her report.

## **AGENDA ITEM # 5**

**PRESIDENT'S REPORT:** Chairman Sox called on Mr. Paulling for his report. Mr. Paulling reported there were no recordable incidents in July. He gave an update on how COVID-19 has impacted the Cooperative's employees. Mr. Paulling stated the following vacancies are on hold for now: Fleet Technician II position and (2) Line Technician positions. An online employment application is being created, and it is almost finished.

Mr. Paulling gave a brief update on Santee Cooper. As of now, the future of Santee Cooper is on hold with the legislature until January 2021. He then stated that the plans for the lobby renovations at both offices are still in progress. Everything is on schedule to start the renovations in the next couple of months.

Mr. Paulling discussed the Cooperative's current position on rates and our revenue requirements. The Cooperative last changed rates in August 2019. There is a need for additional revenue to cover increases in current and future expenses. He discussed reinstating the Monthly Adjustment Factor "MAF" at the July Board meeting and is recommending that we do reinstate the MAF beginning on September 1, 2020. The MAF is currently a part of our rates and is set at \$0.00. Reinstating the MAF will add approximately \$0.59 to the average residential bill, and the amount will compound each month. Over a 12-month timeframe, there is a projected increase of approximately 4% on an average residential bill. Mr. Paulling made a recommendation to reinstate the MAF to each rate with bills rendered on or after September 1, 2020. Mr. Shealy made a motion to approve the recommendation, as presented. The motion was seconded by Mr. Frick and unanimously passed.

### **See Resolution # 2**

There were no further questions or comments, and Chairman Sox thanked Mr. Paulling for his report.

## **AGENDA ITEM # 6**

**ATTORNEY'S REPORT:** Chairman Sox called on Mr. Black for the legal report. Mr. Black discussed several pending legal matters. There was no further questions or comments, and Chairman Sox thanked Mr. Black for his report.

## **AGENDA ITEM # 7**

**CHAIRMAN'S REPORT:** Chairman Sox reported that the Board needs to select a Voting Delegate and Alternative for NRECA's Regional Meeting that will be held virtually on October 15, 2020. Mr. Shealy made a motion for Mr. Marvin W. Sox to serve as the Voting Delegate and Mr. B. Robert Paulling to serve as the Alternate Voting Delegate. The motion was seconded by Mr. Bedenbaugh and unanimously passed.

### **See Resolution # 3**

Chairman Sox stated the Board needed to appoint two Trustees to the Electric Cooperatives of South Carolina (ECSC) Board. He stated a voting delegate and an alternate would need to be selected for ECSC's Annual Meeting that will be held on December 8, 2020. Chairman Sox stated that Mr. Paulling and Ms. Kirkland currently serve as Trustees. Mr. Risinger made a motion for Ms. Donette B. Kirkland and Mr. Bob Paulling to serve as the ECSC Trustees in 2021. The motion was seconded by Mr. Bedenbaugh and unanimously passed. Mr. Frick made a motion for Ms. Donette B. Kirkland to serve as the Voting Delegate for the meeting in December 2020, and Mr. Bob Paulling to serve as the Alternate Voting Delegate. The motion was seconded by Mr. Bedenbaugh and unanimously passed.

**See Resolution # 4**

Chairman Sox stated the Board needed to appoint two Trustees to the CEEUS and Line Equipment Boards in 2021. Mr. Frick made a motion to appoint Ms. Donette Kirkland and Mr. Bob Paulling to serve on both Boards. The motion also appointed Ms. Kirkland as the Voting Delegate for CEEUS and Line Equipment meetings in December 2020, and Mr. Paulling as the Alternate Voting Delegate. The motion was seconded by Mr. Watts and unanimously passed.

**See Resolution # 5**

Chairman Sox had nothing further to report at this time.

**AGENDA ITEM # 8**

**COMMITTEE REPORTS:** Chairman Sox called on Mr. Risinger for the Retiree Welfare Benefit Trust Committee Report. Mr. Risinger said they had a call with Mr. Allen of Homestead earlier today. The fund was over \$21.3 million as of December 31, 2019. In January 2020, \$1 million was withdrawn from the fund to pay insurance premiums. In May 2020, the balance was over \$19.4 million, and as of August 25, 2020, the balance was back to over \$21.3 million. Mr. Risinger reported that the Trust is overfunded by \$10 million. The next meeting is scheduled for October 28, 2020.

Chairman Sox called on Mr. Watts for the Compensation Committee report. Mr. Watts stated the Compensation Committee met just prior to the meeting, and he will have an update in executive session. There were no other committee reports at this time.

**AGENDA ITEM # 9**

**ASSOCIATED MEETING REPORTS:** Chairman Sox called on Mr. Paulling for the CarolinaConnect report. Mr. Paulling stated their Board Meeting was held August 25, 2020, and CarolinaConnect now has over 11,300 customers, which is about 8,800 Mid-Carolina members and 2,500 Newberry members. He reported that the underground design of fiber is in progress for existing subdivisions. Mr. Ayers stated that conduit is going in with every new underground installation.

Mr. Frick reported everything is going well with Central.

Mr. Frick reported everything is going well with Central.

Ms. Kirkland stated that the CEEUS Board met on August 6, 2020, and the budget for 2021 was approved, which includes provisions to expand their office. Statewide also met on August 6, 2020, and the budget for 2021 was approved.

Mr. Shealy had nothing to report on the ECSC Trustee Association.

Chairman Sox reported that he attended Federated's quarterly meeting in person a few weeks ago in Rapid City, South Dakota. Federated is doing well.

Mr. Paulling reported that the SC Power Team is doing well with a lot of ongoing projects. There were no other reports at this time.

#### **AGENDA ITEM # 10**

**NEW BUSINESS:** Chairman Sox called for any new business. There was no new business to come before the meeting at this time. A motion was made by Mr. Shealy to enter into executive session. The motion was seconded by Mr. Bedenbaugh and unanimously passed.

#### **AGENDA ITEM # 11**

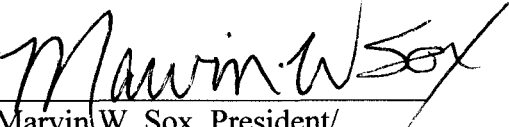
**EXECUTIVE SESSION:** During the executive session, the Board conducted the annual review of the CEO. After consultation with national executive compensation firm, Eleco Solutions, the Board unanimously approved an appropriate salary increase, as recommended by the Compensation Committee.

#### **AGENDA ITEM # 12**

**ADJOURNMENT:** There was no further business, and the meeting was adjourned at 5:00 p.m.

  
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Donette B. Kirkland, Secretary

#### **APPROVAL:**

  
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Marvin W. Sox, President/  
Chairman of the Board

**S.C. 37 LEXINGTON**

**MID-CAROLINA ELECTRIC COOPERATIVE, INC.**

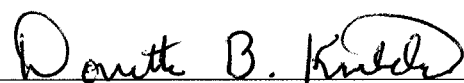
**RESOLUTION**

**# 1**

**WHEREAS**, the Board of Trustees reviewed and made no changes to the minutes of the regular meeting held on July 29, 2020; and

**NOW THEREFORE BE IT RESOLVED**, that the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. hereby approves the minutes of the regular meeting held on July 29, 2020, as presented.

I, Donette B. Kirkland, Secretary of Mid-Carolina Electric Cooperative, Inc. do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. at a regular meeting duly assembled on the 26<sup>th</sup> day of August 2020, at which meeting a quorum was present.

  
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Donette B. Kirkland, Secretary

**S.C. 37 LEXINGTON**

**MID-CAROLINA ELECTRIC COOPERATIVE, INC.**

**RESOLUTION**

**# 2**

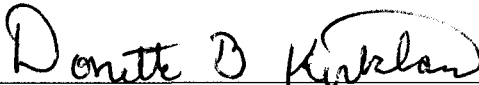
**WHEREAS**, there is a need for additional revenue to cover increases in current and future expenses; and

**WHEREAS**, the Monthly Adjustment Factor “MAF” is currently a part of our rates and is set at \$0.00; and

**WHEREAS**, Mr. Paulling made a recommendation to reinstate the MAF to each rate with bills rendered on or after September 1, 2020. This will add approximately \$0.59 to the average residential bill, and the amount will compound each month. Over a 12-month timeframe, there is a projected increase of approximately 4% on an average residential bill;

**NOW THEREFORE BE IT RESOLVED**, that the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. hereby approves to reinstate the MAF on each rate with bills rendered on or after September 1, 2020.

I, Donette B. Kirkland, Secretary of Mid-Carolina Electric Cooperative, Inc. do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. at a regular meeting duly assembled on the 26<sup>th</sup> day of August 2020, at which meeting a quorum was present.

  
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Donette B. Kirkland, Secretary



**MID-CAROLINA ELECTRIC COOPERATIVE, INC.  
LEXINGTON, SC**

**SCHEDULE MAF  
MONTHLY ADJUSTMENT FACTOR**

**APPLICABILITY**

This schedule is applicable to and becomes a part of each electric service rate schedule of the Cooperative in which reference is made to Schedule "MAF."

**ADJUSTMENT OF BILLS**

Current monthly bills will be increased or decreased, per kilowatt-hour (kWh) and Peak Charge (kW) sold, by an amount determined in the formula below to the nearest one thousandth of a cent (.00001).

$$\text{MAF} = \frac{C \times A - B}{1,000 \text{ kWh } (C \times A) - B}$$

Where: C = The current month effective rate for cost of 1000 kWh and kW under rate "D," including the preceding month's MAF

B = Base rate cost of 1000 kWh, under rate "D" kWh and kW which is \$114.00 under rate "D" at the effective date stated below; and

Where: A is determined as follows:

A = .9995 if T is greater than the target TIER level and D is greater than -0-

A = 1.0001 if T is less than or equal to the target TIER level and D is greater than -0-

A = 1.0035 if T is less than or equal to the target TIER level and D is less than -0-

Where: T = The Cooperative's TIER based on the most recent twelve-months' total margins

D = Accumulated Deferred Credit balance

**TARGET TIER LEVEL**

A "target" TIER level will be established from time to time by the Board of Trustees. Such TIER level will not be lower than the minimum level specified in the then current RUS Supplemental Mortgage Agreement or any successor mortgage covenant agreement with any lender.

**DEFERRED CREDIT BALANCE ADJUSTMENT (DCB)**

At any time, if the amount in the Deferred Account becomes excessively large, either positive or negative, the Board of Trustees may authorize a further adjustment to retail rates, to amortize the amount in the Deferred Account to rates.

**MARGIN STABILIZATION PLAN/INDEXING**

The MONTHLY ADJUSTMENT FACTOR is an integral part of the Cooperative's Margin Stabilization Plan adopted by the Board of Trustees on December 20, 1989 and is intended to assure attainment of a prescribed TIER level in each fiscal calendar year. In the event of a major increase or decrease in costs, the Cooperative may make a corresponding adjustment to factor "C" above for the purpose of indexing to the new level of costs.

The Board approved new rate schedules on ~~July 28, 2010~~ May 22, 2019 effective with all bills rendered on or after ~~November 1, 2010~~ August 1, 2019.

**S.C. 37 LEXINGTON**

**MID-CAROLINA ELECTRIC COOPERATIVE, INC.**

**RESOLUTION**

**# 3**

**WHEREAS**, the Board of Trustees is responsible for selecting a voting delegate and alternate for the 2020 NRECA Regional Meeting; and

**WHEREAS**, the Board of Trustees desires to appoint the within named persons as voting delegate and alternate to the aforesaid meetings;

**NOW THEREFORE BE IT RESOLVED**, that the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. hereby appoints voting delegate and alternate for the 2020 NRECA Regional Meeting as follows:

**NRECA Regional Meeting**

Voting Delegate	Mr. Marvin W. Sox
Alternate	Mr. B. Robert Paulling

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\_\_\_\_\_  
Donette B. Kirkland, Secretary

**S.C. 37 LEXINGTON**

**MID-CAROLINA ELECTRIC COOPERATIVE, INC.**

**RESOLUTION**

**# 4**

**WHEREAS**, the Board of Trustees is also responsible for nominating two people to serve on the Board of The Electric Cooperatives of South Carolina, Inc. (ECSC); and

**WHEREAS**, the Board of Trustees is responsible for appointing a Voting Delegate and Alternate Voting Delegate to the Annual Meeting of ECSC; and

**WHEREAS**, the Board of Trustees desires to make the appointments and nominations as hereinafter stated;

**NOW THEREFORE BE IT RESOLVED**, that the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. hereby makes the following appointments and nominations:

**ECSC Board Trustees for 2021**

Ms. Donette B. Kirkland and Mr. B. Robert "Bob" Paulling

**2020 Annual Meeting for ECSC**

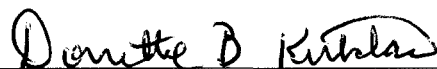
Voting Delegate

Ms. Donette B. Kirkland

Alternate Voting Delegate

Mr. B. Robert "Bob" Paulling

I, Donette B. Kirkland, Secretary of Mid-Carolina Electric Cooperative, Inc. do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. at a regular meeting duly assembled on the 26<sup>th</sup> day of August 2020, at which meeting a quorum was present.



Donette B. Kirkland, Secretary

**S.C. 37 LEXINGTON**

**MID-CAROLINA ELECTRIC COOPERATIVE, INC.**

**RESOLUTION**

**# 5**

**WHEREAS**, the Board of Trustees is also responsible for nominating two people to serve on the Board of CEEUS and Line Equipment Sales; and

**WHEREAS**, the Board of Trustees is responsible for appointing a Voting Delegate and Alternate Voting Delegate to the Annual Meeting of CEEUS and Line Equipment Sales; and

**WHEREAS**, the Board of Trustees desires to make the appointments and nominations as hereinafter stated;

**NOW THEREFORE BE IT RESOLVED**, that the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. hereby makes the following appointments and nominations:

**CEEUS and Line Equipment Board Trustees for 2021**

Ms. Donette B. Kirkland and Mr. B. Robert "Bob" Paulling

**2020 Annual Meeting for CEEUS and Line Equipment**

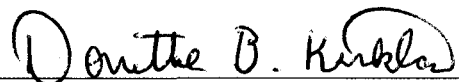
Voting Delegate

Ms. Donette B. Kirkland

Alternate Voting Delegate

Mr. B. Robert "Bob" Paulling

I, Donette B. Kirkland, Secretary of Mid-Carolina Electric Cooperative, Inc. do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Trustees of Mid-Carolina Electric Cooperative, Inc. at a regular meeting duly assembled on the 26<sup>th</sup> day of August 2020, at which meeting a quorum was present.



Donette B. Kirkland, Secretary