

Piedmont Electric Membership Corporation

Hillsborough, North Carolina

Annual Meeting of the Members

April 24 2023

MINUTES

The 2023 Annual Meeting of the Members of Piedmont Electric Membership Corporation was held online pursuant to notice to the membership. Board Chair, Mr. Bill Barber, called the meeting to order. D. Michael Parker, counsel for the Cooperative, recorded the minutes for the Secretary, Mr. David Poythress.

Mr. Barber welcomed the members participating virtually. He thanked the staff for a job well done in providing the membership with reliable and efficient service despite the inflation and supply chain issues and thanked those members who voted in the election. He then called upon Mr. Parker, who read the official notice of the Annual Meeting of the Members, together with proof of due mailing thereof to all members of the Cooperative. Mr. Parker announced the existence of a quorum with a total of 999 members voting by either mail-in ballot or online voting with a minimum of 285 required for a quorum. Mr. Parker stated the minutes of the Annual Meeting held on April 14, 2022 as recorded by the Secretary were posted on the Cooperative's website and, receiving no comments, would stand approved. Mr. Parker introduced Steve Hamlin, President and General Manager for the Cooperative.

Mr. Steve Hamlin welcomed the members to the Annual Meeting and thanked those who were watching online and those who voted. He emphasized the importance of member involvement to the Cooperative. He thanked the employees at Piedmont for their excellent service during challenging times. He discussed how the supply chain issues and inflation had affected the Cooperative. He noted that a 15KVA transformer that Piedmont bought for \$693 in 2020, cost \$1,058 in 2022 and underground wire that cost Piedmont \$1.99 per foot in 2020, cost \$3.30 in 2022. Over the past two years Piedmont constructed about 20 miles of new line each year and the cost per mile increased \$76,000 from 2020 to 2021 and then another \$62,300 more in 2022 over 2021. This does not include many of the other costs involved in line construction.

Mr. Hamlin discussed the increase in natural gas cost. Natural gas accounts for around 33% of the energy portfolio at Piedmont. Natural gas prices increased 65.8% in 2022 over 2021 prices. Despite these cost increases Piedmont has maintained consistent rates through efforts including automation of processes, loan management, technology optimizations and taking advantages of shared services with other Cooperatives. There will be a small increase in the fixed rate that covers the costs of the plant investment. Rates may need to be increased once a cost-of-service study is completed in early June or July. He noted that the financial records of the Cooperative are audited each year and a copy of the consolidated statement of operations was sent to each member as a part of the annual report included in the April 2023 edition of Carolina Country. This report indicated Piedmont spent over \$34 million in wholesale power costs, its largest single expense. Piedmont also invested \$18.5 to strengthen the power grid and for overall operations. Interest costs were nearly \$3.2 million and \$8.3 million in depreciation expense. Net margins were approximately \$3.5 million that will ultimately be returned to members as capital credits. Members received over \$1.2 million in capital credits that were retired for the 1995 year and one-half of 1996. The total utility plant grew from approximately \$186 million to around \$196

million; these utility plant upgrades increase reliability of service. He noted Piedmont maintains around 3,600 miles of line. Of the 33,800 accounts Piedmont serves, 89% are homes and 11% are commercial. Piedmont kept the power on for more than 99.98% of the time in 2022. All this was accomplished without a general rate increase which Piedmont has not had since 2014.

Mr. Hamlin discussed the damage from Hurricane Ian in September 2022 when approximately 27% of the members lost power. Piedmont crews assisted by crews from other cooperatives restored power to all members within three days. Piedmont is constantly making efforts to improve reliability through upgrades to substations, transmission lines, communication equipment and the installation of new enhanced meters. Around 85% of these meters have been replaced to date and all should be replaced by the end of 2023. Piedmont's member satisfaction score on the American Customer Satisfaction Index was 89%, an all-time high.

Mr. Hamlin showed the breakdown of how each dollar was spent and reviewed the generation mix of power purchased which is 47% nuclear, 33% natural gas, 10% coal and 10% renewable energy. The percentage of coal generation declines as time goes by with a goal of net-zero carbon emissions by 2050. He encouraged members to give feedback through focus groups and surveys.

He discussed assistance provided to fire departments, schools and libraries the Rural Economic Development Loan and Grant Program. To date, Piedmont has facilitated around \$18.5 million in loans to assist with the purchase of 34 fire trucks, 5 EMS units, construction of 6 fire stations and enhancing 2 schools and a public library. He also noted nearly \$130,000 in grants to help with energy bill payment assistance, the Bright Ideas teacher grants, college scholarships and other local non-profits that are helping in their communities. He thanked the Foundation Board for the sacrifice of their time to volunteer for the Board.

Mr. Hamlin concluded by thanking the employees and the membership for their continued support of the Cooperative to work together to build a better community and noted Piedmont turns 85 years old this year and looks forward to many more years of service to its members. He then reintroduced Mr. Parker.

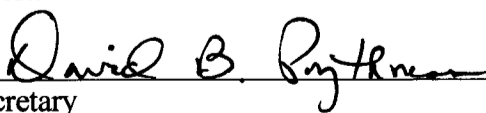
Mr. Parker announced the results of the balloting for each directorate district with an expiring term. David Poythress received 673 votes and Bernard Purcell received 286 votes for District No. 1; Randy Kinley received 880 votes for District No. 2; Steven P. Bailey received 895 votes for District 5. Thus, David Poythress in District No. 1; Randy Kinley in District No. 2 and Steven P. Bailey in District 5 were elected to serve as directors for their respective districts for a three-year term or until their successors are elected.

There being no further business to conduct, Mr. Parker declared the meeting adjourned. After the adjournment Susan Cashion, Vice-President of Compliance and Administrative Officer for the Cooperative, announced the two winners of the \$100 bill credits from among those who submitted ballots.



Chair

Attest:



Secretary