

**Piedmont Electric Membership Corporation
Hillsborough, North Carolina
Board of Directors Meeting
January 21, 2025
SUMMARY MINUTES**

The regular meeting of the Board of Directors of Piedmont Electric Membership Corporation was held at 3:00 p.m. on January 21, 2025 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: Randy Kinley, Cy Vernon, Steven Bailey, David Poythress, Richal Vanhook, V. Kay Scurlock-Ferguson, Steve Long, Darren Chalk and Jimmy Thomas. Also present were Jordan Overbee, President and General Manager; Sarah Bohlin, Vice-President of Corporate Services; Larry Hopkins, Vice-President of Engineering; Mike Parker, Attorney; and Lisa Kennedy, Vice-President of Financial Services.

Mr. Kinley called the meeting to order and offered an invocation.

1. Upon motion and second the Board approved the minutes from the December 16, 2024 Board meeting.
2. Upon motion and second the Board approved the summary minutes from the December 16, 2024 Board meeting.
3. The following staff of NCEMC joined meeting at 3:05 to discuss a potential return by Piedmont to NCEMC as a Returning Member and ultimately as a Participating Member: Joe Brannan, Executive Vice-President & CEO; Amadou Fall, Vice President and COO; Charlie Bayless, Senior Vice-President and General Counsel and Lark James, Senior Vice-President and CFO.
 - a. Mr. Fall discussed power supply, noting potential savings to Piedmont over the period 2027 through 2031 compared to the current power supply agreement with Duke Energy Carolinas. Piedmont has already designated NCEMC is its agent for transmission services during the transition period. NCEMC will assume responsibility for NERC, SERC and NCUC compliance and distribution operator coordination for Piedmont during the transition. NCEMC is investing in combined cycle generation at the Hyco plant in Person County that will ultimately produce 450 Megawatts of wholesale power.

- b. Mr. Bayless discussed the legal ramifications of a return to NCEMC. Currently, as an Independent Member, Piedmont's contract with NCMC only covers Catawba generation. That will change to bring in almost all of Piedmont's wholesale power load until December 31, 2031. On January 1, 2032 Piedmont will become a Participating Member with an all-requirements contract almost identical to the other 20 Cooperatives in NCEMC who are Participating Members.
 - c. Mr. Bayless explained that Piedmont needs to "catch up" on the depreciation of the Catawba plant. Piedmont is currently paying on a schedule that will reduce this balance by December 31, 2031; the President & General Manager and the VP of Financial Services are investigating the most advantageous way to pay the difference Piedmont will owe.
 - d. Mr. Brannan explained that the NCEMC Board will meet on February 5 and the staff will recommend that Board accept Piedmont as a Returning Member with the plan to become a Participating Member in 2032. A closing would then occur sometime in March with the execution of the additional/revised Resource Summary Attachments to the current wholesale power supply agreement between Piedmont and NCEMC. Mr. Brannan reviewed the various agreements that will need to be amended and enacted to accomplish Piedmont becoming a Returning Member for the period 2027 to 2031 and a Participating Member from 2032 to 2066.
 - e. The staff Members from NCEMC were excused. The President & General Manager and staff recommended that Piedmont become a Returning Member with NCEMC during the transition period between 2027 and 2031 and become a Participating Member as of January 1, 2032. Upon motion and second the Board approved Piedmont becoming a Returning Member with NCEMC as of 2027 and a Participating Member as of January 1, 2032.
4. The President & General Manager gave the President's Report. Piedmont has employed GreatCo-Ops to do strategic planning, and they will begin with a 45 minute interview of each director.
 5. The President & General Manager reported that vehicles that were previously used to commute to work are now parked. Piedmont plans to sell five vehicles, one excavator

and four trailers. Piedmont is installing and testing a new GPS system with cameras. The President & General Manager noted in his previous experience that there were three accidents in six months and cameras showed these accidents were not the fault of the company.

6. Upon motion and second the Board unanimously approved the Monthly Safety Report. The President & General Manager noted that the Safety Coordinator will be at either the February or March meeting to discuss the safety plan with the Board.
7. The VP of Engineering gave the outage report for the previous month, noting Piedmont had a total of 66 outages for 14,085 hours affecting 5,584 consumers. The worst was a malfunction of the Baynes transformer. He presented the year-end report showing 1,084 outages resulting in 228,501 consumer hours of outages. The average response time was 47.34 minutes.
8. The VP of Financial Services presented RUS Form 369 to be signed for the release of the Laws Tower site from the existing RUS mortgages. Upon motion and second the Board approved the sale of the Laws Tower site to the North Carolina Highway Patrol.
9. The Manager of Information Technology joined the meeting at 4:30 and gave the cybersecurity report for the 4th quarter of 2024. Of the total 383,170 emails received for the quarter, 34,652 were blocked at the edge, 28 were malware, 2,533 were phishing, 16,101 were spam, 6,130 were deleted by zero hour auto purge and 323,726 were delivered. He noted there was one failure during each of the two phishing campaigns in October and fifteen reported a suspicious email in one campaign and twenty-two in the other. There were three failures in the November campaign with twenty-four reporting a suspicious email and one failure in the campaign in December with twenty-six reporting a suspicious email.
10. The Manager of Information Technology reported moving the fiber on Dairyland Road underground is completed as is the installation of fiber in the Hillsborough office. He reported four repairs: one on Oxford Road from a squirrel, two on Roxboro Road, one from a crimped fiber and one from an unknown cause and the fourth on the East Willardsville substation from a squirrel. The IT projects include secondary substation communication by installing cellular modems at substations that are laterally connected to the fiber ring, using East Willardsville as the pilot location. He also reported on the installation of a mass

notification system with Alert Media as the vendor to improve employee communications in emergencies. He was excused at 4:45 p.m.

11. The VP of Corporate Services gave the report on the Rural Electric Development Loan and Grant ("REDLG") loans. There is funding available through the revolving fund and for loans. There are no new loan requests. The Orange Rural REDLG loan closed on January 2, 2025.
12. The VP of Corporate Services presented a Resolution to Authorize the Amendment of the 401(k) Pension Plan to allow highly compensated employees to participate. Upon motion and second the Board approved the Resolution to Authorize the Amendment of the 401(k) Pension Plan to allow highly compensated employees to receive base salary employer contribution.
13. The VP of Corporate Services presented a proposal to amend Policy 109 to change the date for the performance review which are now conducted on the anniversary of the employee's hire. Staff recommend this change so all performance appraisals are done in February and March with merit increases becoming effective at the same time to simplify the process. Also, this would add a review after 90 days for new employees so they get a performance appraisal before the end of their first year. Upon motion and second the Board approved the amendment to Policy 109 to change the date for the performance reviews to February and March and to add a 90-day review for new hires.
14. The President & General Manager announced that the Annual Meeting will be held this year on April 16 at 5:00 p.m. to allow more Members to attend the meeting virtually.
15. The President & General Manager informed the Board of the bids for the 3-year continuing construction contracts. Four bids were received. The President & General Manager recommends working with a single contractor, Lee Electric, and to expect an increase based on the current economy. Upon motion and second the Board approved employing Lee Electric to do Piedmont's construction work at a unit price with a three year contract.
16. The President & General Manager reported on pole replacement. Piedmont is in the process of replacing approximately 1,200 poles and he noted it will have an effect on financial equity if all are replaced in one year, but he wants to proceed with all due speed. The VP of Financial Services reported that replacing the poles in one year will reduce the

anticipated equity ratio. She indicated there are a number of factors that could modify this effect. Upon motion and second the Board voted to approve the budget changes to reflect a decrease in equity for 2025 resulting from the aggressive pole replacement.

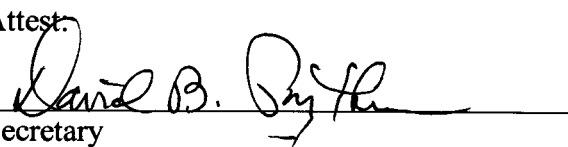
17. The VP of Financial Services presented the unaudited year-end financials for 2024.

- a. Piedmont experienced 639 normal degree days and 571 actual degree days for a monthly variance of -68 and a cumulative variance of -346 or -5.00%. Piedmont connected 451 new services in 2024 as compared to 527 new services connected in 2023 and has 34,629 net services in place compared to 34,291 net services in 2023. Piedmont added 17.49 miles of line in 2024 and now has a total of 3,684.37 miles of line.
- b. The VP of Financial Services presented the Wholesale Power Cost Adjustment for December 2024.
- c. The VP of Financial Services presented the AP8 work orders for September and October 2024. Upon motion and second the Board unanimously approved the September and October 2024 work orders.

Staff was excused for an executive session that began at 6:00 p.m. and ended at 6:35 p.m.

There being no further business to conduct, Mr. Kinley declared the meeting adjourned at 6:35 p.m.


Chair

Attest.

Secretary