

REGULAR MEETING OF MEMBERS OF THE BOARD

October 23, 2023

A regular meeting of the members of the Board of Trustees of Fairfield Electric Cooperative, Inc., was held on Monday, October 23, 2023, at 12:30 p.m. at the cooperative headquarters in Blythewood, South Carolina. The following board members were present:

Mitchell D. Rabon	Robert Entzminger	Peggy D. Swearingen
Timothy L. Hopkins	Cynthia E. Able	Derial L. Ogburn
John E. Roberts, III	Donald Keith Lewis	Robert K. Miles
William Michael Good	Bruce E. Honeycutt	

Attorney John K. DuBose, III was present.

President Mitch Rabon called the meeting to order. Robert Entzminger gave the invocation.

E-Sources – Trey Boone was present to provide a presentation on benefits.

Cynthia Able reported that she would like to receive approval for attending an October 9, 2023, meeting with Trey Boone of E-Sources. Upon motion made by Robert Entzminger, seconded by Donald Keith Lewis, Mrs. Able’s meeting attendance of October 9, 2023, was approved.

Central Electric Power Cooperative (Central)– Ryan Thomas and Leslie Mailey were present to provide a presentation on Central activities.

Upon motion made by Robert Entzminger, seconded by Donald Keith Lewis, motion carried, the board moved into executive session to hear the presentation of E-Sources, Trey Boone, and then the presentation of Central Electric Power Cooperative.

At the conclusion of the executive session, a motion was made by Bruce Honeycutt, seconded by Robert Entzminger, motion carried, for the Board to come out of executive session.

PURPA 111(d) Standards

Bruce Bacon reported and discussed the following:

- Reported that the Public Utility Regulatory Policies Act (PURPA) requires Fairfield Electric Cooperative, Inc. (Fairfield Electric) to consider and make a final determination as to whether it is appropriate to implement the standards related to Demand-Response Practices and Electric Vehicle Charging Programs to fulfill the purposes of PURPA, which are: to encourage the conservation of energy supplied by electric utilities; to optimize efficiency of electric utility facilities and resources; and to facilitate equitable rates for electric consumers; based on the evidence and comments submitted by Eligible Participants
- As part of its consideration, the Cooperative was required to hold a public hearing process and issue a final determination, in writing, based upon the evidence

presented at the hearing and upon findings specifically included in its written determination, and thereafter make that final determination available to the public.

- The Cooperative gave public notice by posting on its website the process to be followed to submit written comments on or before July 31, 2023
- The only comments submitted were from J. Steven Shurbutt, P. E., GDS Associates, Inc. ("GDS") on behalf of management and staff of Cooperative, which comments shall be made available to the public by posting it on the Cooperative's website through and until December 31, 2023
- Fairfield Electric Cooperative arrived at determinations regarding the PUPRA standards with the consideration of comments provided during the public comment period by GDS Associates, Inc.
- Fairfield Electric's final determinations on the implementation of the Demand-Response Practices standard and the Electric Vehicle Charging Programs standard were reviewed with the Board.

Upon motion made by Derial Ogburn, seconded by Donald Keith Lewis, motion carried the following Resolution, was adopted:

**RESOLUTION OF THE
BOARD OF TRUSTEES OF
FAIRFIELD ELECTRIC COOPERATIVE, INC.**

WHEREAS, on November 15, 2021, the Infrastructure Investment and Jobs Act of 2021 ("IIJA") was enacted into law, amending the Public Utility Regulatory Policies Act 1978, as previously amended ("PURPA"), requiring both state-regulated electric utilities and certain non-regulated electric utilities (as defined under PURPA) to either consider or to establish a date to hold a hearing after public notice, within one year from the date of enactment (i.e., by November 15, 2022) thereof, following which the affected electric utilities are to consider the proposed standards as set forth in Exhibit "A" attached hereto ("Standards");

WHEREAS, on or before November 15, 2022, Fairfield Electric Cooperative, Inc. (hereinafter "Cooperative"), a non-regulated utility, as that term is defined by PURPA, 16 U.S.C. §2602, initiated proceedings to make a determination whether or not it is appropriate for the Cooperative to implement either of the two new PURPA standards;

WHEREAS, the amendments to PURPA require the Cooperative to consider and make a final determination as to whether it is appropriate to implement the standards related to Demand-Response Practices and Electric Vehicle Charging Programs as more further detailed in Exhibit A to fulfill the purposes of PURPA, which are: to encourage the conservation of energy supplied by electric utilities; to optimize efficiency of electric utility facilities and resources; and to facilitate equitable rates for electric consumers; based on the evidence and comments submitted by Eligible Participants;

WHEREAS, as part of its consideration, the Cooperative is required to hold a public hearing process and issue a final determination, in writing, based upon the evidence presented at the hearing and upon findings specifically included in its written determination, and thereafter make that final determination available to the public;

WHEREAS, the Cooperative gave public notice by posting on its website the process to be followed to submit written comments on or before July 31, 2023;

WHEREAS, the only comments submitted were from J. Steven Shurbutt, P. E., GDS Associates, Inc. ("GDS") on behalf of management and staff of Cooperative, which comments shall be made available to the public by posting it on the Cooperative's website through and until December 31, 2023;

WHEREAS, the Board of Trustees is of the opinion that the public hearing process was conducted and notices provided in full compliance with PURPA;

WHEREAS, in considering each of the two new PURPA standards the Board of Trustees must make a determination "whether or not it is appropriate to implement such standard to carry out the purpose of this title" pursuant to 16 U.S.C.A. §2621(a)(2006);

WHEREAS, in making these determinations, the Board of Trustees has reviewed the written submittals and considered how implementation of these standards might affect the Cooperative and its Members in the areas of encouraging energy conservation by members, making efficient use of facilities and resources, and maintaining equitable rates to consumers, as well as conditions and circumstances specific to the Cooperative in reaching its conclusions;

WHEREAS, the current and planned demand-response and demand flexibility programs of the Cooperative, coupled with the Cooperative's continued participation in the demand-response and demand flexibility programs of its generation and transmission provider, Central Electric Power Cooperative, Inc. ("Central"), are programs that promote demand-response and demand flexibility practices by commercial, residential, and industrial Members to reduce electricity consumption during periods of unusually high demand, to the extent that the Cooperative is reasonably able to do so based upon information available and circumstances specific to operation of the Cooperative; and

WHEREAS, the Cooperative, directly and indirectly through Central, has previously considered measures to promote greater electrification of the transportation sector in its service area and will continue to consider such measures, subject to such measures appropriately recovering the marginal costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure; provided, however, none require specific action at this time.

NOW, THEREFORE, on this 23rd day of October, 2023, the Board of Trustees hereby issues its final determinations on the implementation of the Demand-Response Practices standard and the Electric Vehicle Charging Programs standard as follows:

1. Demand-Response Practices: The Cooperative has implemented this standard, to the extent it is able to do so as an electric distribution utility, and has already adopted programs that promote demand-response and demand flexibility practices by commercial, residential, and industrial members to reduce electricity consumption during periods of unusually high demand.

2. Electric Vehicle Charging Programs: The Cooperative has implemented this standard, to the limited extent that Cooperative is able to do so as an electric distribution utility and Member of Central, and will continue to consider measures to promote greater electrification of the transportation sector as circumstances change and opportunities arise, subject to such measures appropriately recovering the marginal costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure.

NOW, FURTHER THEREFORE, the Board of Trustees of the Cooperative, having completed the mandatory consideration of these two standards, shall cause this final determination to be made available to the public by posting it on the Cooperative's website through and until December 31, 2023.

I, Robert K. Miles, Secretary of Fairfield Electric Cooperative, Inc., hereby certify that the above is a true and correct copy of a resolution adopted at the meeting of the Board of Trustees on October 23, 2023 at which a quorum was present and voted.

I further certify that none of said resolution has been altered, modified, or rescinded. Done this 23rd day of October, 2023.

The September 25, 2023 regular meeting minutes were approved as presented upon motion made by Robert Entzminger, seconded by Cynthia Able, motion carried, the September 25, 2023 regular meeting minutes were approved.

Upon motion made by Timothy L. Hopkins, seconded by Derial Ogburn, motion carried, 227 new consumers for the month of September were accepted as members of Fairfield Electric Cooperative, Inc.

A list of delinquent accounts totaling \$3,344.85 for the month of September was presented for consideration for write off as uncollectible. Upon motion made by Bruce Honeycutt, seconded by Michael Good, motion carried, authorization was granted to write these off against the cooperative's reserve for uncollectible accounts.

A list of deceased patron's estates requesting payment of their capital credits was presented for consideration. After discussion and upon motion made by John E. Roberts III, seconded by Peggy Swearingen, motion carried, the following resolution was adopted:

The estates of 11 deceased members have requested the Board of Directors give consideration to approving the retirement of \$5,356.68 as an administrative convenience to the estates. After reviewing the Cooperative's financial statements and determining such retirement will not adversely impact the Cooperative's financial condition, management recommends capital credits totaling \$5,356.68 be approved for payment. In addition, it should be noted that such approval does not obligate this Board or any future Board to retire the capital credits of the estates of deceased members presented at any future date.

Bruce Bacon provided the CEO's Report and discussed the following:

- financial reports for the month of September
- Fairfield Electric is in good shape financially upon review of September financial reports and year-to-date reporting
- Operation Round Up's Board met on October 16, 2023, and made donations to several needy families; FEC's Operation Give-A-Turkey and Adopt-An-Elder for Thanksgiving and Christmas; and Christian Community Ministries of Kershaw County.
- A 2024 budget committee meeting is scheduled for November 6, 2023 at 11:00 AM.

Mitch Rabon provided updates on Central Electric. Mr. Rabon reported that there is not much to report other than what was discussed in Executive Session. Bruce Bacon reported on the Marlboro Electric lawsuit with Central Electric.

Derial Ogburn reported on The Electric Cooperatives of SC (Statewide). Mr. Ogburn reported that rates were discussed. Mr. Ogburn reported that the new budget was discussed and that the budget stayed neutral.

Robert Entzminger provided an update on CEEUS. Mr. Entzminger stated that there is not much to report. He will provide an update after the December meeting.

John E. Roberts gave an update on the Trustee Association. Mr. Roberts stated that there is nothing new to report.

Old Business: Approval of the 1.7 Million Deferred Revenue Plan

President Rabon presented and discussed a proposed deferred revenue plan of \$1,700,000. The Deferred Revenue Plan will not affect capital credits. The deferred revenue will bring Fairfield Electric to a total of \$7,500,000 in deferred revenue accrued since 2020. Thereafter, upon motion made by Hopkins, seconded by Ogburn, motion carried, the deferred revenue plan was approved and the following resolution was adopted.

**BOARD RESOLUTION
AUTHORIZING THE DEFERRED REVENUE PLAN
FOR
FAIRFIELD ELECTRIC COOPERATIVE, INC.**

BE IT RESOLVED, that the Board of Trustees of Fairfield Electric Cooperative, Inc. approve the Deferred Revenue Plan.

**FAIRFIELD ELECTRIC COOPERATIVE, INC.
DEFERRED REVENUE PLAN**

General

Fairfield Electric Cooperative, Inc., as part of its overall approach to establishing rates for electric energy, has established a “Deferred Revenue Plan.” Due to the potential of increasing power cost, Fairfield Electric Cooperative, Inc. recognizes the possibility of having to increase rates more rapidly than its member’s desire. Accordingly, the plan is based on the desire to provide adequate cash flow and margins during periods that would otherwise be adversely affected by increased cost of power.

Under the plan, revenue totaling \$1,700,000 is to be deferred from January 1, 2023, through December 31, 2023.

The deferral would be recognized as follows:

<u>Year</u>	<u>Amount</u>
2027	\$1,700,000

Escrow of Funds

The Board of Trustees specified the deferred funds be deposited in a special fund until such time the amount is subsequently amortized into revenue. Accordingly, the funds are to be maintained in a separate account.

Tax Status

Fairfield Electric Cooperative, Inc. operates as a tax-exempt entity under Section 501(c) 12 of the Internal Revenue Service Code. The Board of Trustees of Fairfield Electric Cooperative, Inc. is aware of the potential impact of revenue deferral on its tax-exempt and cooperative statuses and accordingly, intends to assign future capital credits resulting from deferred margins to those members who paid them without regard to period of recognition as revenue.

Accounting

The plan is based on Accounting Standards Codification (ASC) 980 Regulated Operations, formerly Financial Accounting Standards Board Statement No. 71-*Accounting for the Effects of Certain Types of Regulation* which allows current period costs or revenues to be passed on to future customers with the assumption that such costs or revenues will be included in future rates. The specific accounting entries relating to the plan are:

<u>Account Number</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
	(1)		
451	Miscellaneous Service Revenues	\$1,700,000	
254.14	Other Regulatory Liabilities-2023 Revenue Deferral		\$1,700,000

To record revenue deferral.

	(2)		
128.60	Other Special Funds-Deferred Revenue	\$1,700,000	
131.09	Cash		\$1,700,000

To record deposit of deferred revenue in a special account until recognized as revenue.

	(3)		
131.09	Cash	\$1,700,000	
254.14	Other Regulatory Liabilities- 2023 Revenue Deferral	\$1,700,000	
451	Miscellaneous Service Revenues		\$1,700,000
128.60	Other Special Funds-Deferred Revenue		\$1,700,000

To record recognition of deferred revenue for 2027 and related transfer of funds.

The deferral amounts will be disclosed in the financial statement as follows.

- Opening balance by year.
- Amount deferred by year.
- Amount returned to revenue.
- Balance at end of year.

Now, therefore be it resolved that the Board of Trustees of Fairfield Electric Cooperative, Inc. does hereby approve the above stated deferred revenue plan on this 23rd day of October 2023.

Old Business:

Mrs. Able reported that she, Peggy Swearingen and Timothy Hopkins received a per diem to attend the SE Rural Roundtable on Transportation Electrification training on October 4, 2023 in Charlotte, NC. Mrs. Able would like for the meeting to be approved. Upon motion made by Derial Ogburn, seconded by Keith Lewis motion carried, the meeting attendance was approved.

Timothy Hopkins also reported that the workshop in Charlotte was very informative. Mr. Hopkins reported that sales of electric vehicles are increasing. Mr. Hopkins stated that use of electric vehicles is being encouraged with national legislative policy and he believes that electric vehicles are a new reality that electric cooperatives will need to work to accommodate and serve.

New Business:

Peggy Swearingen discussed meeting, conference, and class attendance costs.

Mike Good advised that he had a matter that he believed required executive session discussion.

Upon motion made by Timothy Hopkins, seconded by Peggy Swearingen, motion carried, the board moved into executive session.

At the conclusion of the executive session, a motion was made by Timothy Hopkins, seconded by Robert Entzminger, motion carried, for the Board to come out of executive session.

There being no further business to come before the Board, upon motion made by Mitch Rabon, seconded by Mike Good, motion carried, the meeting was adjourned.

Signed: _____
Robert K. Miles, Secretary
APPROVED

ATTEST: _____
Mitchell D. Rabon, President