

REGULAR MEETING OF MEMBERS OF THE BOARD

OCTOBER 28, 2024

A regular meeting of the members of the Board of Trustees of Fairfield Electric Cooperative, Inc. (FEC), was held on Monday, October 28, 2024, at 12:30 p.m. at the cooperative headquarters in Blythewood, South Carolina. The following board members were present:

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

Attorney John DuBose was present.

Chairman Mitchell Rabon called the meeting to order. Robert Entzminger gave the invocation.

Matthew Butler of GDS Consultants gave a presentation on the Cost-of-Service Study.

- Mr. Butler advised the Board that the end goal of rate design should be non-subsidization of services, that each member pays their fair share of service.
- Four interrelated factors are reviewed: Revenue Requirements, Cost of Service, Rate Design, and Implementation Rates
- Mr. Butler explained the multiple factors that influence rates.
 - Inflationary forces have caused material costs to increase by 27% between 2020 and 2024 in the Southeastern United States and that increase is similar to the cost increase seen in other regions of the US.
 - Current cause and effect cost drivers are weather events, federal legislation, electrification, decarbonization, data centers, Crypto farms, and Artificial intelligence.
- Mr. Butler discussed the Time Interest Earned Ratio (TIER) requirements of RUS and the relative strength of FEC's TIER compared to other entities.
- Equity ratios were discussed and Mr. Butler advised that FEC is in a good position with equity ratios.
- Rate Design should address revenue requirements and cost recovery. Ideal rate attributes should result in understandable rates that generates required revenue and cash flow, provides relative stability of rates, and result in fairness in recovery of cost among all classes of rate payers.

The Board will continue to review and revisit this topic to develop cost of service policies and rate adjustments that will address the projected increase to the cost of purchased power resulting from expiration of the Cook settlement rate freeze.

Upon motion made by Derial Ogburn, seconded by Keith Lewis, motion carried, the **minutes of the meeting held on September 23, 2024**, were approved as presented.

Upon motion made by Robert Entzinger, seconded by Bruce Honeycutt, motion carried, **203 new consumers** for the month of September were accepted as members of Fairfield Electric Cooperative, Inc.

A list of **delinquent accounts totaling \$10,342.00** for the month of September was presented for consideration for write off as uncollectible. Upon motion made by Timothy Hopkins, seconded by Peggy Swearingen, 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 Keith Lewis, seconded by Bruce Honeycutt, motion carried, the following resolution was adopted:

The estates of 11 deceased members have requested the Board of Directors consider approving the retirement of \$6,479.62 as an administrative convenience to the estates. After reviewing the Cooperative's financial statements and determining whether such retirement will not adversely impact the Cooperative's financial condition, management recommends capital credits totaling \$6,479.62 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, Chief Executive Officer, reviewed, updated and discussed the following:

- The monthly and quarterly financial reports were reviewed.
 - Distribution expenses are high for the quarter due to damage in the service area resulting from two significant named storms.
 - Property insurance is under budget for the quarter
 - Administrative and General Expenses are slightly over budget due to cyber security software costs going over budget.
- Hurricane Helene: FEC employees helped other cooperatives to repair devastation caused by the hurricane. Mr. Bacon shared a letter from Newberry Cooperative thanking FEC and its employees for the critical assistance in hurricane recovery efforts.
- The Board commended FEC employees for their storm recovery work in the FEC service territory and for the aid provided to Newberry Cooperative.

- Operation Roundup Meeting – The next meeting will be on December 16, 2024.
 - At the last meeting Operation Give-a-Turkey was approved.
- Upcoming Events – The Board Budget Committee Meeting will be on November 12, 2024.

Upon motion made by Derial Ogburn, seconded by Peggy Swearingen, motion carried, the Board entered into Executive Session.

Upon motion made by Keith Lewis, seconded by Ronald Friday, motion carried, the Board exited Executive Session.

Mitch Rabon discussed a draft Artificial Intelligence (AI) Policy for further Board review.

- The policy is intended to protect the employees and discourage use of AI.
- Employees should not share FEC information with AI. The shared information becomes the property of AI.
- Employees will need the approval of the IT Department to utilize AI.
- This proposed policy will be discussed at the next regular Board meeting.

Mitch Rabon and Bruce Bacon provided an update on **Central Electric Power Cooperative (CEPC)**.

- Mitch Rabon attended the meeting and inquired about the CEPC budget increase, purchased power costs, the coordination agreement, and rate increases.
- CEPC was asked questions about its short term and long business plans and rate change plans.
- CEPC has qualified for a grant under the Inflation Reduction Act for green energy and grid improvements.

Derial Ogburn provided an update on **The Electric Cooperatives of SC**.

- The ECSC meeting involved budget discussion and committee reports were also provided.
- The budget was approved for next year with a minimal increase of \$37,000.
- The Winter Conference in Asheville, NC is still expected to take place, but the situation will be monitored for speed of recovery from Hurricane Helene damage.

Robert Entzminger provided an update on **CEEUS**.

- Mr. Entzminger has nothing to report. The plan is to meet again at the Winter Conference in Asheville, NC.

Tim Hopkins provided an update on the **Trustee Association**.

- The Trustee Association had a meeting on October 24, 2024.
- ECSC provided a report on recovery from Hurricane Helene.
- The Association will meet again at the Winter Conference.
- Hurricane Helene displaced many employees of the Grove Park Inn. Grove Park Inn still has issues with water pressure and sewer issues.

OLD BUSINESS:

Mitch Rabon presented the 2025 Board of Trustees Meeting Schedule for review. The board meeting in January of 2025 shall be Tuesday, January 21, 2025, due to a conference conflict on January 27, 2025, which is the regularly scheduled meeting date.

The board meeting in April of 2025 shall be April 21, 2025, due to a conference conflict on April 28, 2025, which is the regularly scheduled meeting date.

The meeting of the Board of Trustees in December of 2025 shall be December 19, 2025 due to a conflict on December 15, 2025 which is the regularly scheduled meeting date.

Upon motion made by Keith Lewis, seconded by Ronald Friday, motion carried, the revisions to the 2025 Board of Trustees meeting dates were approved.

NEW BUSINESS:

Upon motion made by Cynthia Able, seconded by Derial Ogburn, motion carried, the Board entered into Executive Session.

Upon motion made by Timothy Hopkins, seconded by Cynthia Able, motion carried, the Board exited Executive Session.

The Board asked that a Resolution be prepared that will recognize employees for their exemplary response to Hurricane Helene.

A motion was made by Robert Entzminger, seconded by Derial Ogburn, motion carried and approved, the meeting was adjourned.

Signed: _____

Robert K. Miles, Secretary

APPROVED

ATTEST: _____

Mitchell D. Rabon, President