

Well, good afternoon, and welcome to Coastal Electric Cooperative's 2023 Annual Meeting Business Session. For the last couple of days, all day yesterday and half a day today this morning, we had registration, and we're appreciative of all of you who came by to register and helped do the business of the electric cooperative.

Now we come to the business session for the meeting, which, as you know, we hold each year. Over the last few years, we've been holding it online. We appreciate you showing up and watching today as you do the business of the cooperative.

My name is Lou Green, and it's my pleasure to be here to help guide us through the business session for today. We'll call the meeting to order now, the business session. And as we begin, I'm going to invite Mr. Laverne Polk forward to give our invocation.

Thank you, Lou. Let us pray, heavenly father, we thank you for this beautiful day and for the opportunity to participate in Coastal Electric's Annual Meeting. We ask your presence in this meeting this afternoon that our thoughts and actions will be pleasing in your sight to the benefit of our cooperative and to the members. And we thank you for everyone who worked together to make this a successful meeting. And Father, we thank you for this cooperative and our employees who worked so diligently to provide safe, reliable, and affordable service to our members. We ask your care and protection for these employees as they work to provide the service in all kinds of conditions. And Father, we thank you for the leaders of our nation, our community, and our state. We ask you to give them the guidance and their decisions that affect the lives of our citizens. And Father, we ask a special prayer for our emergency responding personnel who work so hard to keep us safe and respond to our needs. And we pray that as we depart from here today that you will provide safe passage until we reach our respective destinations. All these things we ask in Christ's name. Amen. Amen.

Thank you, Mr. Polk. I'm going to invite everyone here to stand with me. Maybe if you're at home and watching, you'd like to stand as well as we say the pledge of allegiance and to the United States flag. Shall we together? I pledge allegiance to the flag of the United States of America and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all. Thank you all. Thank you.

Mr. Polk is the chairman of your board of trustees, and I'd like to invite him back to introduce the board to you. Mr. Polk.

Thank you again, Lou. All right. We have a nine member board of directors who work very diligently to take care of the business of the cooperative, to set policy, and make plans for the future. I'd like to take this opportunity to introduce each one of them. First

of all, I'm Laverne Polk. I'm the chairman. I'm from District 1. From District 2 is Mr. Jamie Button, and he is the vice chairman. And from District 9 is Mr. Ian Padget, he's the secretary. From District 6 is Mr. Terry Huff, he's our treasurer. From District 3 is Mr. Johnny Frank. From District 4, Mr. Jamie Copeland. From District 5, Mr. Bill Smoak. From District 7, Mr. Wendell McDonald. And from District 8, Mr. Jim Bryan. Thank you, gentlemen. Thank you for your service. Thank you all.

Well, to conduct business today for the business meeting. We have to have a quorum of 443 members registered for the meeting. We well surpassed that. I believe the last number I saw was 912, so more than double what the quorum requires, and we can do business today. Without objection, we will accept the notice that went out to the members, though I have a copy here, as information. Further, without objection, we will accept the proof of the mailing of the notice, which I have here as well. Finally, if there is no objection, we will approve the minutes of the 2022 Annual Meeting. I have those here. They're multiple pages of single-space type, but I'm sure you don't want me to read them to you. We have those.

Now then, for his annual report to you, we'd like to welcome your CEO, Mr. Mark Walling, to come forward and offer his comments.

Thank you, Lou. Welcome to your 83rd Annual Meeting. First of all, I'd like to take this opportunity to thank a lot of people that helped us make this year's meeting successful. We had quite a few volunteers, many of which were co-op retirees. It was greatly appreciated for them to come out and assist us and good to see those folks back with us. We'd also like to thank the law enforcement officers that help us with traffic control. But I'd like to thank, especially our employees for their hard work, their dedication, and safety, not just today or the last few days, but the entire past year. We've had a good year, and I'm very thankful for their efforts. I'd also like to thank the board for working with me throughout this last year, but especially the co-op members, you, for allowing me to serve you another year as your CEO.

I'll give you some financial facts and updates at this time. As of the end of September, we have 12,176 active services. Utility plan has grown by 1.8 million from about 2.7 % from March 31st of 2022 to March 31st of this year. Now, our total utility plan is just over \$69 million. We expect that to continue to grow, in fact, a little faster with some of the industrial development and recruitment efforts that are paying off. I am happy to report that the board has authorized returning \$300,000 in Capital Credits this December, which is an increase of almost 50% over the past several years. I greatly appreciate their efforts to increase that so we can return the members' investments out in December.

As I mentioned last year, I wanted to talk about rates again. Rates and reliability I mentioned last year would be something that I would continue to talk about. I think those are two of the most important things that we as a management team here at the co-op work on.

As I mentioned last year, our wholesale power rates from Santee Cooper are locked to the end of next year, 2024. Santee Cooper provides about 75% of our power requirements through Central Electric Power Cooperative, which is owned by the 20 distribution co-ops in South Carolina. We're not sure what will happen yet in 2025 after this rate lock ends. I can say Central Electric and Santee Cooper are working diligently on options that minimize any impacts of any rate increases that may be required after this rate lock period ends at the end of 2024. As of right now, I'm very hopeful and excited to say that I do not think we will need to raise our base energy rates again in 2024. We're about to enter our budgeting process to confirm that for sure. If we're successful, as I believe we will be, that will make 10 consecutive years without an increase in the energy component of the rate.

We did increase the facility charge back in January of this year by three dollars a month. Prior cost of service studies have shown that we are under collecting for this fixed cost of providing service to you, the member. This facility charge is really intended to recover costs that we incur for a service, whether or not you actually use energy. Every service requires the installation of certain equipment, such as transformers and service conductors and a meter. And also there are other facets that we have to do, such as billing and the collection of those bills, regardless of how much energy is consumed by that premise. Transformer costs alone have doubled in the last three years.

We intend to perform a cost of service study at the end of 2024, where we will analyze what our current costs are in light of these cost increases and evaluate what our needs are for future cost recovery of these fixed costs.

Moving on to reliability. When we normally mention the word reliability, we tend to think about storms that impact our system, whether it be thunderstorms, wind events, hurricanes, or even ice or snowstorms, even in the Deep South. But today I want to talk about a different storm that is brewing. This storm I'm speaking of is the lack of new baseload generation that is being constructed today or not being constructed, I could say, to replace the aging fleet of units that are being retired throughout the entire Southeast. Back on December the 24th of last year, we experienced some very cold temperatures here in the South. In fact, the whole Southeast region was experiencing very cold temperatures. The entire Southeast had record high electrical demands, and

many utilities were forced to implement planned power outages. Never something a utility wants to do. Coastal Electric, in fact, was notified of the potential for our members to be affected by these rolling blackouts early that morning.

Fortunately, that did not occur. It did not reach a point, in fact, for any cooperative members in the state to have their power interrupted. However, there were other utilities in this state that were forced to cut power to many customers to prevent the grid from a total collapse. We do not want this situation to become a common occurrence. But if we don't start building some new generation, it will become just that, a common occurrence. We need additional gas and transmission capacity in South Carolina, and we need to start building it now. You will hear more about this in the coming months, and we ask for your support to spread the word for these capacity increases on the generation, both electric and gas transmission system, and all the modern grid improvements.

The last thing I'd like to mention again, as I do at the end of every year, is talk about the member investment program that the cooperative offers to all members. For a minimum \$5,000 investment, you can invest in your co-op, and we use that money to build our infrastructure. It saves us money from borrowing from higher cost institutions, and thereby it saves you money in the end. The current rate is five and a half percent, which is very, very competitive in today's market. For a regular investment of \$5,000 up to \$100,000, and if it's over \$100,000 investment, we're offering six percent currently. I hope that you'll consider that. Again, it's a win-win situation. You earn the interest while it also saves in the long run on your power bill.

Again, I appreciate your allowing me to serve you this past year. I look forward to another good year. I appreciate everyone's participation in this year's annual meeting. I will turn this over now to our general counsel, Mr. David Black.

Thank you. I'm David Black. I'm the Cooperative's General Counsel. One of the important things that we do each year at the annual meeting is to elect the trustees. Notice was sent out through publication in the South Carolina Living magazine, and I have the report here of the Nominating Committee. The 2023 Nominating Committee, consisting of Mr. Johnny Lindler, Mr. Barnwell Fishburne, and Ms. Michelle Benton, nominated the following to serve on the board of trustees of Coastal Electric for a three-year term beginning in October 2023. For District 3, Mr. Johnny Frank, District 7, Mr. Wendell MacDonald, and District 9, Mr. Ian Padgett. Because this was an uncontested election this year, at the conclusion of the meeting, they will be seated for the remainder of a three-year term.

I'd like to congratulate our board members and thank the nominating committee for their service. Another item that was covered during the voting was a ballot, and the item on the ballot was regarding the structure of the Annual Meeting and registration of the voting process. The two questions were, I prefer a drive-through where I'm able to stay in my car. That was checked off for 87% of the membership. And the, I prefer in-person event where I can park and walk around, was checked off at 13%. I think the cooperative has heard loudly from its membership to move forward with the drive-through option.

Thank you. Thank you, David, and thank you, Mark. Now we come to the place for unfinished business. I don't know of any unfinished business. None? None? If not, then new business for the business session. Any new business? We don't have any on the list. If there's no further business, I would entertain a motion that we adjourn the business session and draw for the prizes. Do I hear such a motion? I have a motion. I have a motion, a second? All those in favor say Aye. Aye. And we are adjourned. I trust you said, Aye, watching as well.

So we can get right to the prize drawings, which we'll do. So let's see here. Let's get the roll cage over. Is that what we're going to do first? And as they bring the roll cage that is full of the registration tickets that you dropped in or had dropped in when you came to register, you had to register to be able to have a chance to win the prizes. So the first thing we're going to draw for is the grand prize. And the grand prize this year is a riding lawn mower. That'll be good. You want me to go over there? Okay. All righty then. Let's see.

You don't have to be present to win, so you're a lucky person if you're Gilbert Linder. I assume this is first name, last name in order. Gilbert Linder of Ruffin, Trails End Lane in Ruffin, got himself a brand new riding lawn mower. So very good.

Second grand prize is the flat-screen television. Okay, I'll be right back. And the second grand prize, a flat-screen television. Is this color? Is this a color TV? Okay, all right. There's a color TV. And the winners are Ricky Hall and Shirley Samson of Walterboro on Koger Road. Yeah, Koger Road. So congratulations to them. Mr. Polk looked like he wasn't sure whether it was color or not. I'm gonna trust that it's color.

And the third grand prize is a \$300 bill credit. Okay, here's the \$300 bill credit for Samuel Williams, Pleasant Grove Road in Walterboro. Samuel Williams, third.

Now we have fifteen \$100 bill credits, and the board will draw those and give me the names, and I'll let you know who won. What I didn't say earlier, related to the grand

prizes and these as well, is that we'll get in touch with you, we'll send you a note or something, and be sure that you get them so you don't have to come to the co-op to pick them up.

First, \$100 bill credit for Daria Sigmund of Cottageville. Daria Seighman.

The second \$100 bill credit, and you can go ahead and draw again, and the number second one is for Beverly Lewis of Islandton. Beverly Lewis.

A \$100 bill credit goes to Marie Samuels. Marie Samuels.

These bill credits will come in handy. Go ahead and draw them out. They'll come in handy as we get into the fall, which is nice and comfortable now, but come about wintertime we're going to appreciate that, or some of you are going to, including William E. Stewart. William E. Stewart from Sydneys Road.

And Calvin Mitchell and Shirley Mitchell of Ruffin, they live on Cedar Creek Drive in Ruffin.

Thank you, sir. Another bill credit goes to Thomas Sumner and Donna Sumner of Walterboro. Congratulations to them.

Thank you, sir. The next winner is Elizabeth Varnadoe. It's a temporary poll, but it counts. From Cottageville, Elizabeth Varnadoe.

Thank you. Next is Thomas Finigan, Sr. of Walterboro on Otis Road there. Thomas, congratulations.

Still drawing for the \$100 bill credit. Next one goes to Sybil Griffin. She lives on Poppy Drive in Walterboro. Congratulations, Sybil.

These are not bad chances. One out of 912. That's better than Publishers Clearinghouse, isn't it? There we go.

Here's another \$100 bill credit for Ralph Warren of Walterboro. Ralph Warren. All right.

And the next one is Lawanda C. Hodges. Lawanda Hodges.

Go ahead. And another \$100 bill credit for Denise Williams and Jackie Williams of Walterboro. Denise and Jackie Williams. I beg your pardon, it's Dennis and Jackie Williams. I misread that.

All righty, some more \$100 bill credits coming up. 13, 14, 15. Here we go.

Here's one for Brenda Stroud. Brenda Stroud of Chestnut Road.

We have 15 of these, and this one coming up is number 14. And the next to the last winner is George Bingley. One more. George Bingley. Congratulations, George.

That's the last one. You're the winner if you're Melodie Hayes of Pioneer Trail. Melodie B. Hayes. Congratulations.

Well, that's pretty good. Several \$100 bill credits, a riding lawn mower, flat-screen television, and a \$300 bill credit. That's a pretty good haul for your Annual Meeting this year. Again, we thank you for registering yesterday and this morning, and we thank you for watching your business session. We wish you the very best of days and weekends, and we'll see you again maybe next year. Have a good day.