

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, SEPTEMBER 24, 2025

The regular meeting of the Board of Directors of Rappahannock Electric Cooperative (“REC”) was held at REC’s headquarters, located at 247 Industrial Court, Fredericksburg, VA 22408, on Wednesday, September 24, 2025, pursuant to a five-day prior notice, all in accordance with REC’s Bylaws. The following directors were present:

Eugene L. Campbell, Jr., Linda R. Gray, Michael W. Lindsay, Eric T. Paulson, Sanford Reaves, Jr., Christopher G. Shipe, Randy Thomas, and J. Mark Wood.

Also present in person or virtually were:

President & Chief Executive Officer, John D. Hewa

Chief Human Resources Officer, Patricia J. Hatcher

Chief Strategy, Technology & Innovation Officer, Peter Muhoro

Chief Engagement & Consumer Officer, Tracey Steiner

Chief Financial Officer, Steven G. Roddy

Chief Grid Operations Officer, Jason Satterwhite

Interim Chief Growth Officer, Michael Dailey

Director of Governance & Executive Administration/Assistant Secretary, Whitney S. Watts

General Counsel, Charles W. Payne, Jr.

The following REC staff joined the meeting virtually for various presentations:

Managing Director – Regulatory Affairs & Compliance, Brian Doherty

Project Manager (BrilliT)- James Williams

Director – Strategy Execution & Enterprise Risk Management, Justin Cruise

Director – Advanced Metering Infrastructure and Optimization, Joe Waltz

Director- Regulator Affairs, Jennifer Sebastian

Chairman Shipe called the meeting to order at 11:25 a.m. Thereafter, with Chairman Shipe presiding, and with these minutes being transcribed under the direction of Secretary J. Mark Wood, the following proceedings took place (all action being first duly moved and seconded, and all action taken being upon the unanimous vote of the board, or without dissenting vote or abstention, unless otherwise stated).

Linda Gray gave the meeting invocation. Jason Satterwhite provided the safety briefing.

Approval of Agenda

Chairman Shipe called for any changes, edits, or additions to the agenda. Hearing none, the **board voted to approve the agenda for the September 24, 2025 meeting.**

Introductions and Announcements

Mr. Hewa shared with the board that he and Chairman Shipe had participated on a panel at the NRECA Regional Meeting focused on service to large load members. He also shared that Cindy Musick, Sr. Director – Vegetation Management, was awarded the Utility Arborist Association’s 2025 President’s Award.

Additionally, he shared multiple staff members have completed or nearly completed the TEEEX Texas A&M Engineering- Infrastructure Disaster Management Certification. This certification has been awarded to Troy Wheeler, Anthony Childress, and Arthur Wholey, with final class pending for Tiffany LaPre, Shawn Dixon and John Medved.

Approval of the Consent Agenda

Chairman Shipe asked if there were any changes or corrections to the Consent Agenda. After review and discussion of the Consent Agenda, the board **voted to approve the Consent Agenda containing the August 2025 Safety Report, and the August 2025 Operating Report and Presentation.**

September 2025 Strategic Initiative Update

Mr. Hewa reviewed the September 2025 strategic initiatives that will be highlighted in

today's meeting.

Unfinished Business

Joe Waltz, Director – Advanced Metering Infrastructure and Optimization, joined the meeting and provided an update on the AMI project. He reviewed the project details, key milestones and outcomes, and project status. He focused primarily on the pilot project, which will begin in early 2026. This will enable the team to validate system performance in real-world conditions, test equipment installation and integration, and assess readiness. He then reviewed key terms of the contract with Landis & Gyr and provided a recommendation to start the small-scale project pilot while REC waits on DOE funding. He shared details of the project costs with and without DOE funding. He concluded the presentation by seeking board approval to move forward with the contract and pilot. **The board voted to authorize the CEO to execute the contracts with Landis & Gyr, subject to final negotiation of termination clauses that allow REC to exit with minimal risk.**

Reports

HR Committee Report

Sanford Reaves, Jr. gave the HR Committee Report. HR staff presented the 2026 benefit plans and plan changes to the committee. There are no significant changes for the upcoming year. Plan pricing has increased and staff reported on how those costs are being allocated to employees.

Additionally, the committee received an update on the Caring Cooperative Plan, an employee-led group that highlights a multitude of interest areas among the employee base.

Lastly, staff requested board action on a resolution authorizing action on a 401(k) plan amendment for the NRECA plan. Following discussion, on a motion from the committee, the board voted to adopt the resolution authorizing 401(k) amendment.

Resolution # 2025-09-01

Resolution Authorizing 401(k) Amendment AUTHORIZING THE AMENDMENT OF THE 401(k) PENSION PLAN Adoption Agreement "A" RUS#: 47054-001

WHEREAS, Rappahannock Electric Cooperative is a Participating System in the 401(k) Pension Plan sponsored by the National Rural Electric Cooperative Association (the "401(k) Plan"), and;

WHEREAS, The Board of Directors of Rappahannock Electric Cooperative ("the Board") now desires to amend the 401(k) Plan pursuant to Section 18.2 of the 401(k) Plan document, effective as of December 1, 2025 to revise the Employer Matching Contribution Formula and to provide for an Employer Base Contribution for Participants in the 401(k) Plan;

BE IT RESOLVED that the amendment to the 401(k) Plan for 47054-001 is as follows:

ER Base

Section 7.B.a. of the 401(k) Plan Adoption Agreement is amended effective December 1, 2025 to provide for an Employer Base Contribution shall be equal to 1% of a Participant's Base Salary for each Participant who has satisfied the Eligibility Requirements described in Section 1.A. of the 401(k) Plan Adoption Agreement. For the avoidance of doubt, an Employee shall not be required to make an Employee Elective contribution in order to receive the Employer Base Contribution.

ER Match

Section 7.C.a. of the 401(k) Plan Adoption Agreement is amended effective December 1, 2025 to provide for an Employer Matching Contribution equal to 50% of a Participant's Employee Elective Contributions from 1% of the Participant's Compensation up to 2% of the Participant's Compensation.

All other Plan provisions shall remain unchanged.

BE IT FURTHER RESOLVED that the Board does hereby authorize and direct the General Manager to execute all necessary documents and to take any and all further actions necessary to carry out the intentions of the Board as indicated in this resolution.

Certificate of Secretary

I, J. Mark Wood, Secretary of the Board of Directors of Rappahannock Electric Cooperative, acting pursuant to Article VI, Section 7 of REC's bylaws as amended and restated on January 22, 2025, do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Directors of REC at a meeting held on September 24, 2025, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 24th day of September 2025.

J. Mark Wood
Secretary

Finance Committee Report

Mike Lindsay provided the finance committee report. Adams, Jenkins, and Cheatham, REC's audit firm, joined the committee to review their pre-audit work. There are no material concerns at this time. The finance committee also received an in-depth presentation on REC's debt schedule. This included long-term debt, factors that contributed to the overall financial situation, as well as debt management financial options that may be considered going forward. There was no action taken by the committee.

Report of the President

Mr. Hewa shared an overview of the Cooperative meetings for the past month. Mr. Hewa informed the board that staff had completed the posting of the required \$550k collateral at PJM as the final requirement for membership activation for Hyperscale Energy 1, LLC. He shared details of a potential grant project with the Virginia Department of Energy for a battery storage system. More details are expected by the end of the year. He provided an update on ongoing meetings with Dominion Energy on key issues impacting REC. Mr. Hewa shared details of a new fiber lease with the board for their awareness. Lastly, he closed by sharing highlights of his recent presentation to the Spotsylvania County Board of Supervisors who requested he address them in a joint meeting with the Planning Commission.

New Business

Compliance Catalog Demo

James Williams, BrillIT Project Manager, and Justin Cruise, Director- Strategy Execution and Enterprise Risk Management, joined to share the Compliance Catalog. Mr. Williams, who built the tool with existing systems, shared a demo with the board. He highlighted various features of the catalog and gave real time examples of it in use. Mr. Cruise explained several benefits of this catalog that were not readily available in any other product on the market. The board thanked Mr. Williams for his dedication and innovation in quickly developing this much needed tool.

1(d) Offers

Ms. Steiner presented the board with a proposed Offer of Alternate Purchase from Hyperscale Energy Services to present to ODEC. With this request, REC seeks to utilize Section 1(d) of the Wholesale Power Contract with ODEC, as it has done in recent months for other large loads. If granted, Hyperscale Energy Services and its affiliates would serve these customers. The offer includes service to six customers totaling 4,900MW. Following discussion, **the board voted to adopt the resolution.**

Resolution Authorizing 1(d) Offer(s) to ODEC

RESOLUTION

Authorize Presentation of 1(d) Offer(s) to ODEC

WHEREAS, REC and ODEC are aligned in their pursuit of a solution to meeting the needs of exceptionally large data center loads while, to the extent practicable, protecting the native load of REC, ODEC, and ODEC's other member cooperatives, and

WHEREAS, REC wishes to avail itself of the alternate purchase provision of Section 1(d) of the wholesale power contract between REC and ODEC in order to enable REC's affiliate to serve these new member loads,

NOW, THEREFORE, IT IS RESOLVED, that the Board of Directors of Rappahannock Electric Cooperative does hereby authorize REC staff to take any and all such actions as may be necessary to make an offer of alternate purchase to ODEC pursuant to Section 1(d) and/or pursue other means to enable REC's affiliate to be the supply provider for these loads.

Certificate of Secretary

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J. Mark Wood
Secretary

Rate Presentation

Brian Doherty, Managing Director – Regulatory Affairs and Compliance, and Jennifer Sebastian, Director – Regulatory Affairs, joined the meeting along with rates consultant Tim Lyons to give a rate presentation. The purpose of the presentation was to elicit feedback from the board on the REC's board's Rate Setting Policy, which is due for board review and approval. Secondly, Mr. Doherty requested board direction and authorization for REC staff to develop and submit a general rate case application in 2026. The presentation included general regulatory updates across the Commonwealth. Mr. Lyons then led a discussion on rate case objectives, the required studies associated with a case, rate design, structure, and other considerations. Mr. Doherty then addressed the details of the current rate policy and suggested enhancements. He closed by discussing REC's current financial ratios, and proposed rate case timelines. Following the presentation, **the board voted to adopt the resolution authorizing staff to proceed with developing a general rate case application.**

Resolution # 2025-09-04

Resolution to Approve Application for a General Rate Case

RESOLUTION

WHEREAS, positive financial performance is essential to properly serve Rappahannock Electric Cooperative ("REC" or "Cooperative") members, including but not limited to, providing member services, performing routine maintenance, ensuring adequate delivery system capacity, acquiring needed loan funds at favorable terms, and meeting credit obligations; and

WHEREAS, the Cooperative has not revised rates by a general rate case application since March 1, 2018; and

WHEREAS, the Cooperative's 2024 year-end TIER was 1.8; and

WHEREAS, Cooperative management has implemented necessary and appropriate cost control efforts, while the Cooperative's financial forecasts as well as the local and global economic environment indicates that without additional distribution revenue there will be further erosion of financial metrics in future years; and

WHEREAS, REC staff has determined that it is now necessary and appropriate to seek, through a general rate application conducted in accordance with the applicable statutes of Title 56 of the Code of Virginia, and Title 20 of the Virginia Administrative Code ("Streamlined rate proceedings and general rate proceedings for electric cooperatives subject to the State Corporation Commission's rate jurisdiction."); and

WHEREAS, such additional distribution rate revenue should be adequate to ensure the Cooperative exceeds the requirements of its mortgage obligations, and timely retires capital credits to its members; and

WHEREAS, the rates of the Cooperative should, to the degree possible and appropriate: adhere to the generally accepted rate design practice of cost causation; provide for equitable rates of return among the revenue classes; recover the full and actual costs of providing electricity supply service; and

WHEREAS, the Cooperative intends to file a general rate application with the Virginia State Corporation Commission in the second quarter of 2026, seeking approval for increased distribution rates and potentially other modifications to its rate structures, with a proposed effective date no earlier than October 1, 2026;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Rappahannock Electric Cooperative does hereby approve filing with the Virginia State Corporation Commission an Application for a General Rate Proceeding and such other modifications to the Cooperative's Tariff and Terms and Conditions that may be necessary; and

BE IT FURTHER RESOLVED, that the Board of Directors of Rappahannock Electric Cooperative hereby authorizes and directs the President and CEO of the Cooperative to promptly prepare and file such Application and any and all testimony and evidence in support of the Application.

Certificate of Secretary

I, J. Mark Wood, Secretary of the Board of Directors of Rappahannock Electric Cooperative, acting pursuant to Article VI, Section 7 of REC's bylaws as amended and restated on January 22, 2025, do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Directors of REC at a meeting held on September 24, 2025, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

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J. Mark Wood
Secretary

Attorney's Report & Executive Session

The board voted to enter executive session for the attorney's report and executive session agenda items at 3:15 p.m. and after proper motion, voted to exit executive session at 4:42 p.m. The board entered executive session for purposes of discussing legal, employment, negotiations with third parties, or other items of business controlled by non-disclosure agreements or other confidentiality requirements.

No action was taken during executive session.

Following the executive session, the board voted to adopt a resolution authorizing REC to provide collateralization of Hyperscale Energy 1, LLC for PJM.

Resolution # 2025-09-03

Resolution Authorizing REC to Provide Collateralization of Hyperscale Energy 1, LLC for PJM

RESOLUTION

Approval for REC to Provide Collateralization of Hyperscale Energy 1, LLC for PJM

WHEREAS, the Board of Directors (the "Board") of Rappahannock Electric Cooperative ("REC") has been presented with information regarding the progress made in start-up operations of Hyperscale Energy 1, LLC ("HE1") to serve large data center loads locating within REC's service territory, and

WHEREAS, HE1 has been notified of all financial collateral requirements to join PJM, which membership is required to have authorization to procure power at wholesale needed to serve large power loads located within the REC service territory, and

WHEREAS, under the wholesale affiliate business model approved by the Virginia State Corporation Commission, REC ultimately has the obligation to support such capital requirements to ensure HE1 achieves membership status in PJM, which will enable REC to serve large load customers, and

WHEREAS, REC will recover all financing costs plus an administrative fee associated with REC supporting HE1's efforts to join and maintain eligibility for PJM membership from the large load customers,

NOW, THEREFORE, BE IT RESOLVED, that the Board does hereby direct the Authorized Officers of REC to support all PJM requirements for HE1 membership, up to and including providing capital for the collateral requirements required by PJM.

Certificate of Secretary

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J. Mark Wood
Secretary

Board Travel and Training

Ms. Watts provided details for upcoming board travel, training and events. She included a 2026 draft board meeting calendar for review and feedback. She also noted that staff is working to schedule media training for the board as previously requested. More information will be available soon.

October Member Communications Preview

The October 2025 member communications preview and previous month's results were posted in BoardEffect for the board's reference.

Chairman Shipe called for any further business.

There being no further business, **the board voted to adjourn at 4:54 p.m.**

J. Mark Wood, Secretary

Attest:

Christopher G. Shipe, Chairman