

RAPPAHANNOCK ELECTRIC COOPERATIVE  
BOARD OF DIRECTORS MEETING

**MINUTES**

WEDNESDAY, FEBRUARY 26, 2025

The regular meeting of the Board of Directors of Rappahannock Electric Cooperative (“REC”) was held at REC’s headquarters office, located at 247 Industrial Ct., Fredericksburg, VA 22404, on Wednesday, February 26, 2025, pursuant to a five-day prior notice, all in accordance with REC’s Bylaws. The following directors were present:

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

*Also present were:*

*President & Chief Executive Officer, John D. Hewa  
Chief Engagement & Consumer Officer, Tracey Steiner  
Chief Human Resources Officer, Patricia J. Hatcher  
Chief Strategy, Technology & Innovation Officer, Peter Muhoro  
Chief Financial Officer, Steven G. Roddy  
Chief Grid Operations Officer, Jason Satterwhite  
Interim Chief Growth Officer, Michael Dailey  
Assistant Secretary & Executive Assistant, Whitney S. Watts  
General Counsel, Charles W. Payne, Jr.*

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

*Managing Director – Member Services, Kris Sieber Dunn  
Managing Director – Communications & Public Relations, Casey Hollins  
Managing Director – Regulatory Affairs & Compliance, Brian Doherty  
Director – Member Services & Community Relations, Joanie Griffiths  
Director – Economic Development, John Ragone  
Director – Strategy Execution & Enterprise Risk Management, Justin Cruise  
Grants Development, Administration, and Compliance Manager, Anna Burke*

*Chairman Shipe called the meeting to order at 10:55 a.m. Thereafter, with Mr. 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).*

Gene Campbell gave the meeting invocation. Jason Satterwhite provided the safety briefing.

**Member Open Comment Session**

The board hosted a member open comment session prior to the start of the meeting. No members addressed the board.

**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 February 26, 2025 meeting.

**Introductions and Announcements**

Chairman Shipe recognized Directors Linda Gray, Randy Thomas, and Sanford Reaves on their renewal of Director Gold status with NRECA. Mr. Hewa then announced that Zach Hicks has been selected as the Director of Member Services in Blue Ridge, succeeding the recently retired Jeff Hinson. Melody Peace has been selected as Director of Finance and will begin in May 2025. Mr. Hewa shared that Patricia Hatcher has been appointed to NRECA’s Workforce Advisory Group. Lastly, Mr. Hewa shared that he has been appointed to the Blueprint Virginia 2035 committee with the Virginia Chamber.

## **February 2025 Strategic Initiative Update**

Mr. Hewa reviewed the February 2025 strategic initiatives that will be highlighted in today's meeting.

## **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 January 2025 Safety Report.**

## **Unfinished Business**

### **Project Status Update- Jackson Thornton**

Rod Ballard of Jackson Thornton joined the meeting to provide a status report on the projects that his firm has been working with REC on since last fall. Mr. Ballard provided an update on Data Center CIAC Payment review, Cash Management review, as well as 2023 Audit follow-up items. He is confident that the responsiveness to this issue has been adequate, and policies are in place to address the noted areas. Mr. Ballard will present in April to the REC board the Q1 2025 review of Data Center CIAC payments.

### **Grant Update**

Anna Burke, Grants Development, Administration and Compliance Manager joined the meeting to give a grant update. In the days since President Trump's inauguration there have been several executive branch actions that have impacted, either directly or indirectly, the status of REC's grants. Ms. Burke reviewed each grant in progress by category from contracted to awarded and the implications of each.

A new grant application that is pending submission is a partnership with a local planning district for a FEMA Building Resilient Infrastructure and Communities (BRIC) grant. This project would involve replacing lines in the Shenandoah National Park that are very rural. Due to the time sensitivity around the application, the board authorized the executive committee to act as needed for documents that may need board approval to accompany the application.

Staff anticipates clarity in the weeks to come and remains diligently working on those not grants impacted and monitoring solutions for those that may become impacted permanently. Staff will keep the board informed of any major developments with the grants REC has been awarded or for which it has applied.

## **Reports**

### **Annual Meeting Committee Report**

Mr. Campbell gave the Annual Meeting Committee report. He shared that the 2025 Annual Meeting will be held on August 20, 2025 and will be in the same virtual format as the last several years with a longer registration period for members. The director election process will begin on March 1, 2025 when forms become available. Mr. Campbell thanked the staff who works diligently to ensure all details of the Annual Meeting and director elections are seamless.

### **January 2025 Operating Report Presentation**

Mr. Roddy presented the January 2025 Operating Report. He reviewed significant variances that impacted the budget. Of note, REC sold 490M kWh in January, which is believed to be an all-time record for the Cooperative. He held a discussion with the board on the Power Cost Adjustment (PCA) and what is anticipated for 2025. Year-to-date Operating Margins are \$9.5M, Non-Operating Income was \$690K, and Net Margins were \$10.1M. The **Board voted to receive the January 2025 Operating Report as presented.**

### **Report of the President**

Mr. Hewa shared an overview of the Cooperative meetings for the past month. Mr. Hewa turned to Mr. Satterwhite to share statistics and a recap of the three recent winter storms, Freya, Harlow and Jett respectively. Mr. Satterwhite provided outage and restoration information along with Mutual Aid both received and given by the Co-op. The board thanked the employees, particularly the front-line employees for their dedication through

multiple events.

Mr. Hewa then shared that partial FEMA reimbursement has been received for prior winter storm Frida. The latest payment was \$4.7M, leaving an outstanding balance of \$5.2M. Finance and Accounting remain committed to following up on these funds.

## **New Business**

### **AI Policy**

Mr. Muhoro reviewed the proposed AI policy with the board. The policy provides oversight to balance the opportunities and risks presented by artificial intelligence tools. Following discussion, **the board voted to approve the policy as presented.**

### **Annual C.A.R.E. Charity Report**

Casey Hollins, Managing Director, Communications and Public Relations, joined the meeting. She shared the activity of the CARE Charity board over the past year. CARE has awarded more than \$1.5M to community organizations since its inception in 2005. In 2024, 68 nonprofits received \$211,098 in funding. Ms. Hollins provided data on award funding by county, charity type, as well as membership participation across the territory. Ms. Hollins shared marketing and enrollment goals for the program. Lastly, she shared media highlights from award recipients in the past year. The next round of funding will be awarded in March 2025.

### **Project Big Heart Annual Report**

Joanie Griffiths, Director – Member Services and Community Relations and Project Big Heart (PBH) Chair, and Kris Sieber Dunn, Managing Director, Member Services joined the meeting. Ms. Griffiths provided the 2024 PBH report, which showed strong participation from employees including an increase in payroll deductions. Ms. Griffiths shared that some traditional PBH events will return in 2025. She also shared the dates of the 2025 golf tournaments, as these are PBH's largest fundraising activities. Following a discussion, **the board voted to donate \$12,000 to Project Big Heart to be evenly divided amongst the chapters.** The board also supported this donation be used for CoBank's matching grant program. Staff will follow up on the CoBank application for 2025.

### **HES Offers to Take Alternate Supply Proposals to ODEC**

Ms. Steiner recapped the HES proposal to bring alternate supply to REC to serve nine data center projects. This proposal was approved by the HES board for presentation to REC. She then reviewed a draft supply offer letter to ODEC, as REC would need to present such offer to receive wholesale power contract section 1(d) approval to serve the loads. The proposal would include nine members consisting of approximately 4.4GW of load. Following discussion, **the board voted to adopt the Resolution Authorizing the Presentation of the 1(d) Offer(s) to ODEC.**

Resolution # 2025-02-02

## **RESOLUTION**

### **Authorization of 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**

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 February 26, 2025, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 26th day of February 2025.

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J. Mark Wood  
Secretary

### **Regulatory Update**

Brian Doherty, Managing Director – Regulatory Affairs and Compliance, joined the meeting to give a regulatory update. Mr. Doherty noted that the Commission has approved the Operating Services Agreement (OSA) between REC, HES, HE1 & HE2. He then briefed the board on the filing for the LP-DF tariff. This filing will be the necessary rate to support large power users (e.g. data centers). Following a detailed presentation, **the board voted to adopt a resolution authorizing staff to move forward in the filing of the tariff.** He closed the presentation by providing an update on REC's PJM application. Staff continues to work with PJM on the application steps and is complying with requested information and documentation.

Resolution # 2025-02-01

## **Resolution to Direct Staff to Continue Development of Ability to Serve Prospective Large Load Members**

Resolution to Direct and Authorize Staff to Develop, Finalize and Submit an Application for Approval of a Large Power – Dedicated Facilities ("LP-DF") Rate Schedule to the State Corporation Commission to Meet the Needs of Membership

**WHEREAS**, Rappahannock Electric Cooperative (REC) submitted an Application for Approval of an Affiliates Operating Services Agreement (Revised Affiliate Application) to the Virginia State Corporation Commission (Commission) on November 19, 2024, and

**WHEREAS**, on February 18, 2025, the State Corporation Commission approved the Operating Services Agreement and other related agreements (Loan Agreement, Trademark Agreement and Wholesale Power Form), and

**WHEREAS**, included within the Operating Services Agreement Application REC has described the need to develop a new rate schedule to serve prospective large load members, while protecting the interests of its existing membership, which will consider the setup and structure of its affiliate organization., and

**WHEREAS**, the REC Staff recognizes the need to identify a new class of membership within its territory. These members are typified by high load, and uninterrupted demand. This new load could surpass the Cooperative's current peak load requirements for its entire system, creating costs and risks that have not heretofore been encountered, and

**WHEREAS**, REC Staff is working diligently to develop a rate schedule to serve this new class of large load member.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of Rappahannock Electric Cooperative does hereby direct and authorize the President & CEO, or his designee, to execute any reasonable measures Staff sees fit to provide electric service to its prospective large load members and protect existing membership from risk associated with serving such load, including but not limited to the development, execution, and eventual submission to the Commission of an application for approval of an LP-DF rate schedule.

#### **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 February 26, 2025, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 26<sup>th</sup> day of February 2025.

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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 2:15 p.m. and after proper motion, voted to exit executive session at 3:28 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.

#### **Board Travel and Training**

Ms. Watts provided details for the upcoming PowerXChange event in Atlanta.

April 14, 2025 was established as the date for a board workshop. Details will be emailed to directors.

#### **March Member Communications Preview**

The March 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. On a suggestion from Mr. Reaves, the **board voted to allow a one-night hotel stay for meetings beginning prior to 10:00am the next business day for directors who request a room.**

There being no further business, **the board voted to adjourn at 3:42 p.m.**

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J. Mark Wood, Secretary

Attest:

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Christopher G. Shipe, Chairman