

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, NOVEMBER 13, 2024

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, November 13, 2024, 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., 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
Incoming 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 – Operational Support Services, John Crawford
Managing Director – IT & Cybersecurity, Bret Elliott
Managing Director – Engineering & Power Supply, Chris Stoia
Managing Director – Member Services, Kris Sieber Dunn
Managing Director – Regulatory Affairs & Compliance, Brian Doherty
Managing Director – Communications & Public Relations, Casey Hollins
Sr. Director – Financial Planning & Treasury Services, Michael Curley
Director – Strategy Execution & Enterprise Risk Management, Justin Cruise
Director – Member Services, David Johnson
Director- Government Affairs, Lindsey Watson
Director – Regulatory Affairs, Jennifer Sebastian*

Vice Chair Sanford Reaves, Jr. called the meeting to order at 9:06 a.m. Thereafter, with Mr. Reaves 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.

Approval of Agenda

Vice Chair Reaves called for any changes, edits, or additions to the agenda. Hearing none, the **board voted to approve the agenda for the November 13, 2024 meeting.**

Introductions and Announcements

Mr. Hewa announced the hiring of REC’s Chief Financial Officer, Steven Roddy. Mr. Roddy introduced himself to the board. Mr. Hewa then shared that REC has been selected as Large Business of the Year by the Culpeper Chamber. Lastly, he shared that Karan Patel, Managing Director of Clean Energy and Energy Solutions, has been selected for board service with Public Utilities Fortnightly.

Approval of the Consent Agenda

Vice Chair Reaves 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 October 2024 Safety Report, the minutes of the July**

17, 2024 Regular Meeting, the August 7, 2024 Regular Meeting, the October 16, 2024 Regular Meeting, the September 2024 Operating Report and the Q3 2024 Capital Expenditure Report.

Unfinished Business

Large Member Prepayment & Credit Support Policy Amendment

Mr. Hewa presented an updated version of the Large Member Prepayment & Credit Support Policy that was previously approved in October. Ms. Steiner and Mr. Dailey detailed the changes and clarifications, as well as the rationale for the updates. Following the presentation, the **board voted to adopt the amended Large Member Prepayment & Credit Support Policy as presented.**

Loan Agreement Between REC & HES

Following the board's October approval of seed capital investment in Hyperscale Energy Services, LLC in the amount of \$1.5M, staff presented a loan agreement for the board's consideration. The proposal met all the requested provisions and was executed by the chairman of each company.

CARE Charity Region III Vacancy

Ms. Darlene Carpenter nominated Carty Yowell from Madison County for Region III of the CARE Board. After discussion and review of his biography, the **board voted to appoint Carty Yowell to Region III of the CARE Charity Board.**

CARE Charity Board Service Resolutions

Two CARE Charity Directors, Alexis Smith and Randy Shank will be leaving the board at the end of their terms. **The board voted to adopt the Resolution to Honor the Service of Alexis B. Smith and Randy Shank respectively.**

Resolution # 2024-11-02

Honorary Service Resolution

Resolution to Honor the Service of Alexis Smith

WHEREAS, Alexis B. Smith has served on the Community Awareness of Rappahannock Electric Charity, Inc. (C.A.R.E. Charity, Inc.) Board of Directors, which distributes grants primarily funded by voluntary contributions from Rappahannock Electric Cooperative (REC) members and from other funds donated for charitable purposes; and

WHEREAS, Ms. Smith has served as an At Large Board Member representing all members, and subsequently representing Region II, which is comprised of Green, Orange, and Albemarle counties since March 2015; and

WHEREAS, Serving as a leader of the Board through her service as Secretary and Treasurer; and

WHEREAS, Ms. Smith has served as an asset and advocate for C.A.R.E. Charity, Inc. and Rappahannock Electric Cooperative, consistently demonstrating integrity and sound judgment; and

WHEREAS, Knowledge of the membership and counties she represents has always been evident in her discussions with her fellow Board members in reviewing applications for grants and to use the funding available to determine award recipients; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Rappahannock Electric Cooperative hereby honors the service and dedication and extend their gratitude to Alexis B. Smith for her contributions to the C.A.R.E. Charity Inc. Board of Directors, Rappahannock Electric Cooperative, membership, employees, and community throughout her many years of Board service, and wish her well in her future endeavors.

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 March 27, 2024, 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 November 13, 2024, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 13th day of November 2024.

J. Mark Wood
Secretary

Resolution # 2024-11-03

Honorary Service Resolution

Resolution to Honor the Service of Randy Shank

- WHEREAS,** Randy Shank has served on the Community Awareness of Rappahannock Electric Charity, Inc. (C.A.R.E. Charity, Inc.) Board of Directors, which distributes grants primarily funded by voluntary contributions from Rappahannock Electric Cooperative (REC) members and from other funds donated for charitable purposes; and
- WHEREAS,** Mr. Shank has served as Board Member representing Region V, which is comprised of Caroline, Essex, King William, and King and Queen counties since December 2021; and
- WHEREAS,** Serving as a leader of the Board through his service as Vice Chair; and
- WHEREAS,** Mr. Shank has served as an asset and advocate for C.A.R.E. Charity, Inc. and Rappahannock Electric Cooperative, consistently demonstrating integrity and sound judgment; and
- WHEREAS,** Knowledge of the membership and counties he represents has always been evident in his discussions with his fellow Board members in reviewing applications for grants and to use the funding available to determine award recipients; and
- NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of Rappahannock Electric Cooperative hereby honors the service and dedication and extend their gratitude to Randy Shank for his contributions to the C.A.R.E. Charity Inc. Board of Directors, Rappahannock Electric Cooperative, membership, employees, and community throughout his Board service, and wish him well in his future endeavors.

Certificate of Secretary

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J. Mark Wood
Secretary

Report of the President

Mr. Hewa shared an overview of the Cooperative meetings for the past month. He highlighted a recent service project in which REC's leadership participated in with Louisa Clean. REC has adopted a highway through VDOT and the team did the first trash collection service day last month. A video was shared with highlights from the day. Mr. Hewa along with Mr. Satterwhite recapped a recent safety incident, a serious motor vehicle accident. While REC's driver was not at fault, there was a serious injury to an REC employee, as well as a fatality in the crash, so the board was provided a full review of the safety report.

New Business

2025 Annual Operating Plan

Mr. Hewa introduced the staff attending the meeting and thanked the team for their work on the proposed 2025 Annual Operating Plan. Prior to the meeting, an executive summary and detailed budget was provided to all directors and posted in BoardPaq. Mr. Curley led the presentation to the board of the Operating and Capital budgets, including details of the plan and the projects and initiatives they support. The operating budget plans for net margins of \$22.1M with approximately 4.08 billion kWh sales. Mr. Curley showed three-year comparisons for operating statements, balance sheets, financial ratios, and cash flow.

The 2025 proposed capital plan includes \$85.6M for transmission and distribution projects and \$37.5M for general plant, which includes facility improvements, maintaining the fleet of vehicles and technology improvements.

Mr. Roddy and Mr. Curley facilitated a discussion with the board and answered questions. There being no further questions or edits, the board voted to approve the 2025 Operating Plan as presented.

2025 KPI Presentation

Mr. Cruise shared the 2025 Key Performance Indicators with the board. The measures have been adjusted by management to meet the Cooperative's needs. The payout methodology will remain as it was in 2024 with the opportunity to earn a payment once every six-month period. **The board approved the 2025 KPI as presented.**

Lunch with C.A.R.E. Board

The REC board had a working lunch with the CARE Charity board. During the lunch, Ms. Hollins provided an overview of the CARE board activities for 2024. This included two application periods, and subsequent awards. Ms. Hollins shared plans for the upcoming year and is excited about the many opportunities The Power of Change brings to REC's communities. At the conclusion of the lunch, Chairman Shipe presented the Resolutions to Honor the Service of Alexis Smith and Randy Shank to them. Both boards thanked them for their years of dedicated service to the membership through CARE.

Debt Charge-off Presentation

REC's Director of Member Services, David Johnson, and Managing Director of Member Services, Kris Sieber Dunn, joined the meeting to present the annual charge-off report. Ms. Sieber Dunn provided the 2023 Annual Charge-off Report presentation. The billing and collection timeline, deposit process, as well as annual charge-off statistics and comparisons were reviewed with the board. After questions and discussion, **the board approved charging off a total of \$713,796 – (\$651,129 electric service accounts, and product and service accounts, and \$62,667 of non-electric service accounts).**

2025 General Assembly Update

Lindsey Watson, Director of Government Affairs, joined the meeting for the annual legislative update. She highlighted the 2024 elections, noting in particular, the federal elections and how they are impacting Virginia. Two special elections will be held in the coming days for two State Senate seats vacated by Senators Subramanyam and McGuire who are now serving in Congress. She also laid out early information on the 2025 elections, which will include Virginia's Governor, and all 100 seats in the House of Delegates. She reminded the board that one third of the General Assembly members were

new in 2024 (elected in 2023) and 2025 will be the first round of re-election for these officials.

She then reviewed Cooperative priorities for the coming session, with the main efforts focused on the Hyperscale legislative solution. This is currently in discussion with VMD and a draft bill has been created.

She provided the board with a listing of all senators and delegates in REC's delegation for their reference. The board thanked Ms. Watson for her ongoing relationship building and championing of the cooperative's legislative priorities.

Economic Development (EDR) Rider Tariff

Mr. Doherty joined the meeting to discuss the Market Based Rate and Economic Development Rider Tariff. ODEC is revising its Market Based Rates for New and Expanding Loads (MBR) policy to encourage economic development and load retention and expansion in its members' service territories. In December 2022, REC's board established a voluntary tariff rider to provide the 'vehicle' through which REC passes ODEC's MBR to member. REC must establish a new voluntary tariff rider to align with ODEC's MBR policy revisions and allow REC to pass along the benefit of ODEC's MBR policy to REC's member. Timing is essential for this rider as several large loads will be needing bridging power under this tariff. Some data center sites will use bridging power prior to their installed capacity in-service dates. ODEC's MBR offering allows REC to serve these bridging power needs while not impacting REC's power supply billing determinants in future years if they are supplied via ODEC's MBR. Staff seeks approval from the board for a December 1, 2024 implementation of this voluntary tariff rider, and following approval will submit for informational purposes to the SCC staff, pursuant to VA Code 56-585.3 (A) 8. Following the presentation the **board voted to approve the resolution adopting the tariff.**

Resolution # 2024-11-01

Establishment of Voluntary New Or Expanding Load Rate – Rider EDR

Resolution to Approve and Adopt a Voluntary New or Expanding Load Rate – Rider “EDR”

WHEREAS, the Board of Directors of Rappahannock Electric Cooperative, on December 14th, 2022, approved and established a Voluntary Economic Development Rate EDR Rider, and

WHEREAS, the Board of Directors of Rappahannock Electric Cooperative was briefed by staff at the November 13, 2024 Board meeting regarding the Old Dominion Electric Cooperative's proposed changes to its policy regarding Market Based Rates for New and Expanding Loads, and

WHEREAS, the Old Dominion Electric Cooperative Board of Directors Policy Manual, in the section titled “Market Based Rates for New and Expanding Loads,” requires that 100% of the benefit of the economic development rate will be passed through REC to its qualifying member, and

WHEREAS, the Board of Directors of Rappahannock Electric Cooperative desires to establish a tariff rider that allows Rappahannock Electric Cooperative to pass through 100% of the benefits that it receives related to ODEC's revised Market Based Rates for New and Expanding Loads to its qualifying member, and

WHEREAS, in accordance with the Board's authority, pursuant to Virginia Code § 56-585.3.A.8., which generally states in part that each cooperative may upon an affirmative resolution of its board of directors and without the Virginia State Corporation Commission (the Commission) approval approve any voluntary tariff, and cost recovery therefor, and shall promptly file any such tariff with the Commission for informational purposes only; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Rappahannock Electric Cooperative does hereby approve and establish the Voluntary New or Expanding Load Rate – Rider EDR, effective December 1, 2024, as attached hereto as Attachment 1.

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 March 27, 2024, 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 November 13, 2024, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 13th day of November 2024.

J. Mark Wood
Secretary

Executive Benefit Restoration (EBR) Addition of Patricia Hatcher & Steven Roddy
Due to recent internal organizational changes, **the Board voted to adopt a Resolution for the Fourth Amendment to the Executive Benefit Restoration Plan.**

Resolution # 2024-11-04

Third Amendment to the Executive Benefit Restoration Plan REA#: Virginia 054 (47054-001)

Resolution to Amend the Executive Benefit Restoration Plan

WHEREAS, Rappahannock Electric Cooperative (the "Cooperative") is a participating employer in the Retirement Security Plan (the "Qualified Pension Plan") sponsored by the National Rural Electric Cooperative Association; and

WHEREAS, the Board of Directors of the Cooperative (the "Board") adopted the Executive Benefit Restoration Plan (the "EBR"), an unfunded nonqualified plan, for the benefit of certain key management and highly compensated employees whose benefits under the Qualified Pension Plan are restricted because of maximum limits on benefits that may be provided by the Qualified Pension Plan, effective January 1, 2018; and

WHEREAS, the Board desires to designate two new participants in the EBR and to amend the EBR accordingly, in accordance with Sections 2 and 6 thereof; and

NOW, THEREFORE, BE IT RESOLVED that the Board hereby designates Patricia J. Hatcher and Steven G. Roddy as participants in the EBR, effective November 1, 2024; and

BE IT FURTHER RESOLVED, that the Board hereby amends the EBR by replacing the existing Addendum to the EBR in its entirety with the Addendum attached hereto as Exhibit I; and

BE IT FURTHER RESOLVED, that the President and Chief Executive Officer of the Cooperative is authorized to take any actions deemed necessary or desirable to implement the forgoing 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 March 27, 2024, 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 November 13, 2024, 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

CEEUS Board Appointment

The board received a presentation in 2024 from Cooperative Electric Energy Utility Supply (“CEEUS”) on their supply chain expansion into the Virginia, Maryland, and Delaware markets. REC joined CEEUS at that time, and as part of that membership, REC has two seats on the CEEUS board. **The board voted to appoint Steven Roddy, CFO, and John Hewa, CEO, to the CEEUS board.**

Attorney’s Report & Executive Session

The board voted to enter executive session for the attorney’s report and executive session agenda items at 2:42 p.m. and after proper motion, voted to exit executive session at 3:18 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

The board **voted to appoint Gene Campbell as the 2025 NRECA Voting Delegate.**

Vice Chair Reaves called for any further business. Mr. Campbell reported that he was signed up to receive fiber from All Points Broadband and reminded the board of how vital this fiber partnership is to REC’s members.

There being no further business, **the board voted to adjourn at 3:23 p.m.**

J. Mark Wood, Secretary

Attest:

Sanford Reaves, Jr. Vice-Chair