

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, OCTOBER 18, 2023

The regular meeting of the Board of Directors of Rappahannock Electric Cooperative (“REC”) was held at REC’s Bowling Green office, located at 14380 Fredericksburg Turnpike, Woodford, VA 22580, on Wednesday, October 18, 2023, 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 (virtual)
Chief Administrative & Finance Officer, Lawrence (Larry) G. Andrews
Chief Strategy, Technology & Innovation Officer, Peter Muhoro
Chief Grid Engineering Officer, John Arp
Chief Grid Operations Officer, Jason Satterwhite
Assistant Secretary & Executive Assistant, Whitney S. Watts
General Counsel, Charles W. Payne, Jr.
Associate Counsel, Andrew Sherrod*

The following REC staff joined the meeting for various presentations:

Director of Cyber & Information Security Officer, Doug King
Director of Economic Development, Felicia Ainsa
Director of Enterprise Analytics & Innovation, Eugene Hamrick
Distributed Energy Resources Specialist, Meghan Jennings
Physical Security Specialist, Troy Wheeler

Chairman Shipe called the meeting to order at 10:00 a.m. Thereafter, with Mr. Shipe presiding, and with these minutes being transcribed under the direction of Secretary Linda R. Gray, 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).

Larry Andrews conducted the safety briefing.

Linda Gray gave the meeting invocation.

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 October 18, 2023 meeting.**

Introductions & Announcements

Chairman Shipe reviewed the proposed 2023-2024 board committee structure. Ms. Watts will post for director reference and disseminate to staff following today’s meeting. Mr. Hewa then shared that Cindy Musick, Director of Vegetation Management has been promoted to Senior Director. He applauded her leadership and recognized her integration of key technologies into the vegetation management function at the Cooperative. Mr. Hewa also recognized Managing Directors Patricia Hatcher and Casey Hollins on their completion of NRECA’s MIP Select program.

Mr. Hewa then informed the Board and congratulated Dr. Muhoro on the SMART Grid Grant – GRIP Program win for the “Enabling EV and DER Adoption through DERMS, AMI & Fiber Integration” proposal. This represents a \$38M win for REC and its members. Mr. Hewa recognized REC’s lineworkers who participated in the International Lineworkers Rodeo last week. REC had five apprentice linemen, all who placed in the top 50, and one who placed in the top ten, four coaches and two judges at the event in Kansas City.

Finally, Mr. Hewa provided an update on the United We Light team working to electrify a village in Guatemala. They will share with the board at the next 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 accept the Consent Agenda containing the Minutes of the July 31, 2023 workshop, the August 9, 2023 regular meeting, the September 2023 Safety Report, the August 2023 Operating Report and Presentation.**

Unfinished Business

Clarke County Land Purchase Authorization

Following many months of board briefings and staff updates on a location for a future Blue Ridge Office, staff brought forward a resolution for authorization to purchase a site. The board voted to adopt the Resolution to Approve the Clarke County Land Purchase.

Resolution # 2023-10-01

RESOLUTION

Resolution Approving the Purchase of Property Located In
White Post, Clarke County, Virginia from Virginia Port Authority

WHEREAS, Rappahannock Electric Cooperative, a Virginia corporation (“Corporation”) entered into that certain Real Estate Purchase and Sale Agreement with Virginia Port Authority, an autonomous agency of the Commonwealth of Virginia (“Seller”) dated as of January 19, 2023 (the “Purchase Agreement”), attached hereto as Schedule 1, to purchase certain real property consisting of approximately 65 acres located in White Post, Clarke County, Virginia, being known as Tax Map Parcel 27-A-10C (the “Property”); and

WHEREAS, the Corporation will close on the purchase of the Property on or around November 16, 2023; and

WHEREAS, the Board of Directors (“Board”) of the Corporation is authorized to take such actions on behalf of the Corporation as it considers necessary or appropriate to perform its obligations hereunder and to accomplish the Corporation’s purpose; and

WHEREAS, the Board believes it to be in the best interest of the Corporation to purchase the Property pursuant to the terms and conditions of the Purchase Agreement and the transactions contemplated under the Purchase Agreement.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors hereby approves and authorizes the Corporation’s purchase of the Property pursuant to the terms and conditions of the Purchase Agreement; and

FURTHER RESOLVED, that this Board of Directors authorizes and directs John Hewa as Chief Executive Officer, Lawrence G. Andrews as Chief Administrative and Finance Officer, and Bruce M. Bowe, Jr. as Assistant Treasurer (each an “Authorized Officer” and collectively, the “Authorized Officers”), on behalf of the Corporation, to negotiate, execute, and deliver any and all other instruments and documents, all with such changes therein and additions thereto as such Authorized Officer in his discretion may approve, and to perform and take all actions as each Authorized Officer shall determine to be necessary or desirable to carry out the purpose and intent of the foregoing resolutions to cause the Corporation to purchase the Property; and

FURTHER RESOLVED, that any actions taken on behalf of the Corporation by any Authorized Officer, prior to the date hereof in connection with the transactions contemplated by the Purchase Agreement are hereby deemed ratified, approved and confirmed.

Certificate of Secretary

I, Linda R. Gray., 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 June 28, 2023, 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 October 18, 2023, as reflected in Rappahannock Electric Cooperative’s minute book and that the same has not been rescinded or modified in any way.

This 18th day of October 2023.

Linda R. Gray
Secretary

Reports

Report of the President

Mr. Hewa provided an update on Cooperative business over the past month. He provided an update on cash handling as a follow up from last month's meeting. He then informed the board that REC has completed a single audit of FEMA obligated funds for reimbursement of eligible restoration charges from Winter Storm Frida. He further discussed the grant win that was made during announcements. The SMART Grid GRIP Grant will replace meters, cover approximately 350 miles of fiber, as well as substation security.

New Business

Safety & Security Update

Troy Wheeler, Physical Security Specialist joined the meeting for a safety and security update. Mr. Wheeler focused on recent utility industry issues, including substation attacks as well as vulnerabilities facing facilities, employees, and security in general. He detailed many of the partnerships that REC uses to ensure best in class security measures. He closed the presentation by sharing several future security goals and technologies that are being assessed for potential benefit to REC.

Net Metering Cap Increase

Peter Muhoro introduced the need for an increase to the Net Metering cap that REC currently has in place. Meghan Jennings, Distributed Energy Resources Specialist joined the meeting and presented the current status of net metering and the need for an increase. REC and Vividly Brighter are currently seeing 60-70 residential interconnections per month on average and approximately 500kw of solar net metering added per month. At this rate, we could expect to reach the cap in January or February of 2024. Based on this growth rate, staff is recommending the Board exercise its authority granted by the SCC to increase the net metering cap by one percent for a total of three percent. Based on today's averages this would carry REC through November 2025 for net metering. Following the presentation, the **Board voted to adopt the Resolution to Approve an Increase to the Cooperative's Residential Net Metering Cap and Cumulative Total Net Metering Cap.**

Resolution # 2023-10-02

RESOLUTION

Resolution to Approve and Adopt an Increase to Cooperative's Residential Net Metering Cap and Cumulative Total Net Metering Cap

WHEREAS, Rappahannock Electric Cooperative ("Cooperative" or "REC") has experienced growth among residential members who have renewable fuel generators and elect to net meter in accordance with The Regulations Governing Net Energy Metering, 20 VAC 5-315-10 et seq. ("Net Energy Metering Rules"), adopted by the State Corporation Commission ("Commission") pursuant to § 56-594 and amended by §§ 56-585.4 and 56-594.01 of the Code of Virginia ("Code"), and

WHEREAS, Cooperative staff, on October 18, 2023, has briefed the Board of Directors and executive management regarding Net Energy Metering, the Cooperative's current Net Metering caps and options available to address the Cooperative's residential net metering cap; and

WHEREAS, Cooperative staff, on October 18, 2023, proposes that the Board of Directors increase the residential customer net metering cap from two percent of system peak to three percent of system peak effective October 18, 2023; and

WHEREAS, in accordance with the Board's authority pursuant to Virginia Code 56-594.01 G which states "An electric cooperative may, without Commission approval or the requirement of any filing other than as provided in this subsection, upon the adoption by its board of directors of a resolution so providing, raise the caps established in subsection F, with any increase allocated among residential, not-for-profit and non-jurisdictional, and other nonresidential customers as the board of directors may find to be in the interests of the electric cooperative's membership."; and

WHEREAS, it is the intention of the Board of Directors of Rappahannock Electric Cooperative to increase the residential net metering cap to three percent of system peak effective October 18, 2023; thereby increasing the cooperative's cumulative net metering total to six percent of system peak and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Rappahannock Electric Cooperative does hereby approve and establish the new residential net metering cap at three percent of system peak thereby increasing the cooperative's cumulative net metering total to six percent of system peak as further detailed in the presentation provided hereto as Attachment 1. Cooperative staff shall take any and all other actions necessary to fulfill the intent of this resolution, including without limitation filing a revised net energy metering compliance filing with the Commission for informational purposes and publishing information regarding the calculation and status of its caps on REC's website.

Certificate of Secretary

I, Linda R. Gray., 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 June 28, 2023, 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 October 18, 2023, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 18th day of October 2023.

Linda R. Gray

JD Power Q3 Results

Eugene Hamrick, Director- Enterprise Analytics & Innovation joined the meeting to present the JD Power Q3 results. Mr. Hamrick noted that REC has an ACSI score for 2023 Q3 of 84. REC and the industry as a whole have struggled with member satisfaction in 2023. One major factor continuing to impact member satisfaction is price. REC's power cost adjustment increases in 2022 and 2023 have been substantial, and this, coupled with inflation and members' financial struggles, and the co-op is seeing the impact in member satisfaction. Mr. Hamrick highlighted some action items the staff is currently working on to address and improve member satisfaction.

Attorney's Report & Executive Session

The Board voted to enter executive session for the attorney's report and executive session agenda items at 1:03 p.m. and after proper motion, voted to exit executive session at 3:08 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 information on the 2024 PowerXChange and will share the information electronically with directors.

Ms. Watts presented a draft 2024 Meeting Schedule as well as a 2024 Director Travel schedule. The **Board voted to approve the meeting schedule as presented. The Board approved the 2024 Director Travel and Per Diem schedule as presented.**

November Member Communications Review

The Board received a preview of the planned November member communications and report of the prior month's digital engagement statistics.

Chairman Shipe called for any further business.

There being no further business, **the Board voted to adjourn at 3:15 p.m.** Following the meeting, the board enjoyed a social time with the Bowling Green district employees.

Linda R. Gray, Secretary

Attest:

Christopher G. Shipe, Chairman