

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, OCTOBER 22, 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, October 22, 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, 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 – Energy Solutions & Clean Energy, Karan Patel

Managing Director- Regulatory Affairs & Compliance, Brian Doherty

Director – Government Affairs, Lindsey Watson

Distributed Energy Resources Administrator, Meghan Jennings

Sr. Data Scientists (BrilliT), Hesun Peng

Business Intelligence & Analytics Engineer (BrilliT), Josh Lugo

Energy Solutions Manager, Louis O’Berry

Economic Development Manager, Kayla Coleman

Department of Energy Fellow, Quasim Mehdi

Director – Distribution Design, Nathan Fewell

Chairman Shipe called the meeting to order at 10:00 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 October 22, 2025 meeting.**

Introductions and Announcements

Mr. Hewa introduced Matthew May as the new Director of Procurement. He joins REC after a 17-year career with Dominion Energy. He then highlighted several recent speaking engagements that REC has been involved in, including Tracey Steiner and Brian Doherty speaking at the Pennsylvania New Jersey Electric Association attorneys meeting, Jeff Henry and Lindsey Watson at the Rappahannock County Board of Supervisors, and others. He discussed the work of REC’s newest DOE Fellow, Qasim Mehdi, and noted that the board will meet him later today for a presentation. He then shared photos and highlights from the 2025 International Lineman’s Rodeo, in which REC had two teams competing.

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 Minutes of the July 22-23, 2025, Regular Meeting, the August 20, 2025 Regular Meeting, the Minutes of the September 24, 2025 Organizational Meeting, the September 2025 Safety Report, the September 2025 Operating Report and Presentation, and the Q3 2025 Quarterly Financial Statement Attestation.**

October 2025 Strategic Initiative Update

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

Guest Speaker

Jason El Koubi, CEO of the Virginia Economic Development Partnership (VEDP) joined the meeting to provide an economic development update. He discussed the structure of VEDP and how that provides the foundation for a non-partisan, long-term approach to economic development for the Commonwealth.

Unfinished Business

Opt-Out Policy for AMI Meters

Ms. Steiner reminded the board of a prior discussion related to an opt-out policy for the new RF meters. She focused on the technical, financial, and member service considerations should a policy be developed. There are industry-wide-opt-out practices, and no regulatory or compliance requirements. REC will take proactive steps to address member issues including privacy and health concerns. Additionally, TWACS and RF will run in parallel during deployment, which ensures the ability to read all meters. The staff recommendation is to develop an internal opt-out handling procedure, handle requests on a case-by-case basis, have clear tracking and communications, educate and address member concerns, and re-evaluate policy and fees near the end of full-deployment. The board was supportive of this recommendation.

Reports

Q3 2025 Data Center Attestation Report

Rod Ballard of Jackson Thornton joined to give the board the Q3 2025 data center attestation. Mr. Ballard was pleased to report that there were no material issues found in the reporting period. He noted that during the reporting period there was \$42M in CIAC funds received, and \$42M in expenditures, leaving the balance \$91.9K less than the start of the quarter. The attestation reported on 15 projects with a quarter ending balance of \$275M.

Report of the President

Mr. Hewa shared an overview of the Cooperative meetings for the past month. He shared with the board that Culpeper County decided to move forward with a broadband deployment that was not Firefly, and therefore REC will not be expanding the joint project to that county. He shared an update on the ALDC fall meeting and shared an update on the website that BrilliT has had in development for the association. Lastly, he shared details of the groundbreaking for a new line worker school at Laurel Ridge Community College. REC, Shenandoah Valley, and Dominion have all been key partners in the initial success of this program, whose first class will have 12 linemen.

The board enjoyed lunch and networking with members of REC's distribution design staff from all the regional offices. The designers have had a banner year in 2025 so far, pushing over 5,000 jobs to construction. The board thanked them for their hard work.

New Business

Summer Savings Plan Presentation

Karan Patel, Managing Director – Energy Solutions and Clean Energy, Meghan Jennings, Distributed Energy Resources Administrator, Hesien Peng, BrilliT Senior Data Scientist,

and Josh Lugo, Business Intelligence and Analytics Engineer joined the meeting and presented the Summer Savings Plan Baseline and Incentive Formula Proposal. Ms. Jennings and Dr. Peng provided background and methodology used to calculate the plan savings. In 2025, there were more than 8,500 members signed up for the program. Twelve events were called in June and July. During these events, enrolled members saved 46MWh and REC avoided \$335,000 in wholesale costs due to the 5CP. After paying out rebates, REC saw net savings of \$300,000 for the 2025 season. They then discussed a proposed incentive formula change for the 2026 season. This change would raise the incentive for the member from \$.75/kWh to \$1.86/kWh, which on an average two-hour event would increase the rebate from \$2.70 to \$8.83. By making these changes to the tariff, it would provide a more accurate baseline usage comparison for participants, more effectively incentivize participants based on current energy prices, and ensure timely and transparent communication about incentive dollars to participants. They closed by sharing next steps if the board approves the proposal. Following the presentation and discussion, **the board voted to adopt the new methodology, which will go into effect for the 2026 season.**

Resolution # 2025-10-01

Resolution to Approve Modifications to the Peak Time Rebate (PTR) Program

WHEREAS, the costs of wholesale capacity obligations set by member demand for energy during peak hours determine a significant portion of the Cooperative's wholesale power costs; and

WHEREAS, engaging members to help reduce demand to manage wholesale power costs has the potential to benefit the Cooperative's membership by providing ongoing operational, financial, and environmental benefits; and

WHEREAS, providing a direct economic benefit to those members who voluntarily and actively provide measurable load reduction during peak demand periods is appropriate and encourages greater member engagement and participation; and

WHEREAS, the Cooperative had committed to examine the efficacy of the PTR program over time and propose expansion/evolution program modifications to secure benefits for REC membership; and

WHEREAS, the Cooperative has undertaken an extensive evaluation of the existing Peak Time Rebate program and determined modifications will encourage participation and clarify applicability requirements while continuing to provide an economically viable option for reducing wholesale power costs, particularly relative to the Regional Transmission Organization's 5 (five) Coincident Peak Hours; and

WHEREAS, the Peak Time Rebate program encourages eligible residential and small commercial members to voluntarily reduce their electric usage during peak periods, upon notification from the Cooperative, in exchange for an incentive-based rebate that will be reflected on participating members' bills, with no penalty for nonparticipation; 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 the proposed modifications to the Peak Time Rebate (PTR) Schedule as attached hereto as Attachment 1 (as hereafter may be reasonably modified by the staff or counsel of the Cooperative) which codifies the Board's decision to advance the voluntary PTR tariff.

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 October 22, 2025, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 22nd day of October 2025

J. Mark Wood
Secretary

Vividly Brighter On-Bill Tariff Update

Louis O'Berry, Energy Solutions Manager, joined the meeting to provide an update on the On-Bill Tariff program. A key reason for program updates includes legislative changes that have impacts on qualifying projects. He provided a sample of upgrades from 2022 and the energy savings and bill reductions in each. He then provided statistics on the relaunch opportunity and discussed the housing stock in REC's territory. Depending on the scenario, the program relaunch will be in spring 2026. ODEC's position on the REC-ODEC with ICF as the contracted implementer will impact the timing, cost, and resource burden for this program. Staff's recommendation is to wait for ODEC to finalize its budget later this year and if approved, move forward with the joint effort. The board was supportive of this approach.

Key Ratio Trend Analysis (KRTA) Presentation

Mr. Roddy reviewed CFC's Key Ratio Trend Analysis (KRTA) results with the board. He focused on the ratios that REC has trended for ten years, which is 23 of the 145, and comparing REC to the US median, our state group, and like consumer-sized cooperatives. His particular focus areas were on equity as a percentage of assets, since REC is being majorly affected in this area by large data center CIAC funds, and annual capital credits retired per total equity. The board thanked the management team for their attention to these important industry benchmarks.

REC Regulatory Filing Update

Brian Doherty – Managing Director – Regulatory Affairs and Compliance joined the meeting and provided a regulatory filing update. REC currently has several open proceedings, and he provided an overview and status of each. Of particular interest is the LP-DF filing, the tariff for large power users-, which was filed in March 2025 and still awaits approval. The timeliness of this ruling is important as the first customer intending to use this rate is anticipating being in service within 30 days, though REC has been granted provisional approval to implement prior to a final ruling by the commission.

Attorney's Report & Executive Session

The board voted to enter executive session for the attorney's report and executive session agenda items at 3:09 p.m. and after proper motion, voted to exit executive session at 4:37 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.

New Business Continued Co-op PAC and Legislative Update

Lindsey Watson – Director – Government Affairs, joined the meeting to provide details on the 2025 Co-op PAC campaign which will run through the end of October. She highlighted REC's involvement over the past few years, noting that more than 150 employees are PAC members, and contributed over \$13,000 in 2024. She shared some of the co-op legislative wins that are partially enabled by support from the PAC. She then provided a 2026 General Assembly preview, noting that Virginia will have a new Governor, Lt. Governor and Attorney General, and likely a new majority/minority in the House of Delegates. Energy policy will be a top priority in the session, especially as it relates to data centers and generation. Affordability, disconnections and load forecasting will also be of great interest. Ms. Watson will continue to monitor the upcoming session and will keep the board informed of developments.

HE2 Board Update

Mr. Hewa and Ms. Steiner provided an update on the status of HE2. While HE2 action is not imminent at this time, it could become time sensitive depending on customer decisions on billing preference. Following the update, the **board voted to authorize pre-capitalization of HE2, up to \$1.1M, which was included in the original loan amount of \$4.5M to HES.**

Next Steps/Contingency Plans for Large Load Energy Service

Mr. Hewa and team then discussed the next steps and contingency plans for large load energy service. While all actions necessary for PJM membership have been completed the official approval is still pending and in-service dates are nearing. Mr. Hewa will advise the board if any urgent action becomes necessary.

Board Travel and Training

Ms. Watts provided details for upcoming board travel, training and events. She proposed adjustments to the 2026 approved per diem schedule to include three days for the NextEra Symposium, and four days for the Power Connect G&T Conference. The **board voted to approve the proposed per diems.**

November Member Communications Preview

The November 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 5:23 p.m.**

J. Mark Wood, Secretary

Attest:

Christopher G. Shipe, Chairman