

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, NOVEMBER 19, 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, November 19, 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 Financial Officer, Steven G. Roddy

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:

Vice President – Engineering & Power Supply, Chris Stoia

Managing Director – Member Services, Kris Sieber Dunn

Managing Director – Clean Energy & Energy Services, Karan Patel

Managing Director – Communications & Public Relations, Casey Hollins

Managing Director – IT & Cybersecurity, Bret Elliott

Sr. Director Financial Planning & Treasury Services, Michael Curley

Director of Finance – Melody Peace

Director of Member Services- David Johnson

Public Relations Specialist – Tracy Woods

Financial Budget Analyst- Camesa Turner

Financial Budget Analyst – Courtney Gandy

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).

Gene Campbell 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 November 19, 2025 meeting.**

Introductions and Announcements

Mr. Hewa shared that Lindsey Watson, Director – Government Affairs, has been named to Governor-Elect Spanberger’s transition team for energy. He also informed the board that NRECA International is supporting restoration efforts in Jamaica and REC is supporting with planning through the service of John Medved, Director- Safety & Security Officer, and Calvin Jackson, Lead Lineman. More to come as support needs are identified. Finally, he was proud to announce that Anthony Cerroto, BrilliT’s Sr. Data Engineer has been named Utility Analytics Institute Analyst of the Year.

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 October 2025 Safety Report, the October 2025 Operating Report and Presentation, and the Q3 2025 Capital Expenditure Report.

November 2025 Strategic Initiative Update

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

Unfinished Business

Triennial Rate Policy Options

As a follow up to the rate presentation earlier this fall, staff presented an updated rate policy for board approval. Following discussion, **the board voted to adopt the rate policy edits as presented.**

Reports

Report of the President

Mr. Hewa shared an overview of the Cooperative meetings for the past month. He updated the board on a power quality and reliability issue that has been ongoing with Rappahannock County schools and briefed on REC's response to date. He then recapped the board site visit to the Shenandoah National Park. In October several directors were onsite to see a line section that will soon be serviced in one of the most remote parts of the territory. He detailed the plans for the upgrades and variables that can impact the project. He closed by recapping the recent Major Storm Tabletop Exercise which staff completed last month. This critical exercise helps prepare employees for unexpected events and scenarios that could become reality in an emergency situation. Tabletop reactions and takeaways will be followed up on in the coming months.

New Business

2026 Annual Operating Report Presentation

Mr. Hewa introduced the staff attending the meeting and thanked the team for their work on the proposed 2026 Annual Operating Plan. Prior to the meeting, an executive summary and detailed budget was provided to all directors and posted in Board Effect. 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 \$29.2M. Total revenue is budgeted at \$582.8M. Mr. Curley showed three-year comparisons for operating statements, balance sheets, financial ratios, and cash flow.

The 2026 proposed capital plan includes \$94M for transmission and distribution projects and \$42.6M 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 2026 Operating Plan as presented.**

2026 KPI Presentation

Mr. Cruise shared the 2026 Key Performance Indicators with the board. The measures have been adjusted by management to meet the Cooperative's needs. New metrics for 2026 include Safety Participation Rate and OTIER. He closed the presentation by sharing 2025 results, which were strong. The payout methodology will be for a twelve month period with any applicable payout occurring in April 2027 following the receipt of the audited financials. **The board approved the 2026 KPI as presented.**

2026 General Assembly Update

Lindsey Watson, Director of Government Affairs, joined the meeting for the annual legislative update. She highlighted the 2025 elections, noting in particular, the democratic sweep of Virginia, including all three statewide offices as well as the House of Delegates, where 13 seats were flipped. She reviewed the new legislators who serve in the REC

territory and noted that she will be following up to establish relationships and educate them on REC issues. She then provided an overview of pre-session influences and bills that are anticipated to be introduced in the upcoming session. There will be a lot of defense necessary as well as energy is a primary focus in general for the session. She addressed the data center bills that are likely to surface as well. She closed the presentation with details on the VMDAEC Legislative Days that will be held January 26-27 in Richmond.

Lunch with the C.A.R.E. Charity Board

The REC board had a working lunch with the CARE Charity board. During the lunch, Ms. Woods, Public Relations Specialist, provided an overview of the CARE board activities for 2025. This included two application periods, and subsequent awards. Ms. Woods shared plans for the upcoming year and is excited about the many opportunities The Power of Change brings to REC's communities.

2024 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 2024 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 \$751,244 – (\$706,113 electric service accounts, and product and service accounts, and \$45,131 of non-electric service accounts).**

Battery Energy Storage Presentation

Karan Patel, Managing Director – Energy Solutions and Clean Energy, joined the meeting to provide a presentation on the Battery Energy Storage System (BESS) Strategy and ROI. He provided an overview of coincident peak (CP) events in PJM and how they are calculated. He shared benefits and options available with BESS systems, noting that currently, REC uses batteries only for 'peak shaving.' He continued by sharing BESS economics and ROI and provided a benefits sensitivity analysis. The two current BESS projects were in the budget for 2026 as contingencies. Following the **presentation the board voted to authorize \$11.2M for two projects to move forward.**

Attorney's Report & Executive Session

The board voted to enter executive session for the attorney's report and executive session agenda items at 3:33 p.m. and after proper motion, voted to exit executive session at 5:20 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.

The board voted to suspend the meeting at 5:21 p.m. and will resume at 8:00am on Thursday, November 20.

The board resumed the meeting at 8:00 a.m. on Thursday, November 20. The board voted to enter executive session for executive session agenda items at 8:03 a.m. and after proper motion, voted to exit executive session at 9:15 a.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 the executive session. Following the session, **the board voted to authorize the CEO to award a year end merit-based award to certain staff members.**

Board Travel and Training

Ms. Watts provided details for upcoming board travel, training and events. The Agribusiness Dinner will occur on January 15 and the VMDAEC Legislative Day will be on January 26-27, 2026.

The board voted to close REC offices on Friday, December 26.

The board voted to appoint Gene Campbell as the 2026 NRECA Voting Delegate.

December Member Communications Preview

The December 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 9:25 a.m.**

J. Mark Wood, Secretary

Attest:

Christopher G. Shipe, Chairman