

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, JANUARY 22, 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, January 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, 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
Director – Operational & Construction Services, Arthur Wholey
Director – Procurement, Joshua Johnson
Director – Enterprise Analytics & Innovation, Eugene Hamrick
Data Analyst – Ayla Choudhery
Data Strategy & Innovation Architect, Adam Elrod
Director – Strategy Execution & Enterprise Risk Management, Justin Cruise
Director- Government Affairs, Lindsey Watson
Metering General Foreman, Josh McDonald*

Chairman Shipe called the meeting to order at 10:20 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.

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 January 22, 2025 meeting.**

Introductions and Announcements

Mr. Hewa introduced Interim Chief Growth Officer, Mike Dailey to the board. Mr. Dailey has worked with the board previously but attended the meeting in person. Mr. Hewa congratulated Ms. Hatcher on her 20 years of service to REC. He also announced the promotion of Chris Stoia, from Managing Director of Engineering and Power Supply to Vice President of Engineering and Powery Supply. Additionally, he shared the hiring of Director of Economic Development, John Ragone, as well as Director Metering and Metering Data Strategy, Joe Waltz. Lastly, the board recognized Mr. Hewa for his distinction of being listed on the Virginia 500 Power List published by Virginia Business.

January 2025 Strategic Initiative Update

Mr. Hewa introduced a template format for the board to be used each month to map the

activities ongoing around the Cooperative, and in the board room that map back to the strategic plan. Various areas being highlighted are clearly grouped into the corresponding focus area of the 2024-2028 Strategic Plan. He spoke to each of this month's focus areas and looks forward to using this tool with the board throughout 2025.

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 November 2024 Safety Report, the December 2024 Safety Report, the minutes of the December 5, 2024 Special Called Meeting, the October 2024 Operating Report, the November 2024 Operating Report, the 2025-2026 Final REC Annual Operating Plan (with final power supply figures) and the Q3 2024 REC Attestation of Financial Statements and Material Checklist.**

Unfinished Business

There was no unfinished business to come before the board.

Reports

HR Committee Report

Mr. Reaves provided the HR Committee report, noting that the main focus of the committee meeting was the annual DEI snapshot and the progress made by employees during the 2024 time period. He thanked leadership for their efforts for all to be represented. There was no action needed.

Bylaws Committee Report

Mr. Paulson provided the Bylaws Committee report. Staff brought forward a proposal to make minor adjustments to the definitions of membership and provided clarity in the language for when membership begins. The committee recommended the board adopt the bylaws as presented. **The board then voted to adopt the bylaws as presented.**

December 2024 Preliminary Operating Report

Mr. Roddy presented the preliminary December 2024 Operating Report. He reviewed significant variances that impacted the budget. Year-to-date Operating Margins ended at \$10.1M, Non-Operating Income was \$10.8M, and Net Margins were \$21M. After questions and discussion concluded, the **Board voted to receive the preliminary 2024 Operating Report as presented.**

Report of the President

Mr. Hewa shared an overview of the Cooperative meetings for the past month. Mr. Hewa shared that REC has recently completed the Annual Safety Improvement Plan process with NRECA, including a review of 2025 initiatives and focus areas. He then shared an overview of PJM market pricing and performance during the recent polar vortex across the territory.

New Business

Supply Chain Update

Josh Johnson, Director – Procurement, joined the meeting to provide an update on supply chain. Mr. Johnson last presented to the board during the supply chain crisis following the pandemic. In his presentation, Mr. Johnson shared some stability that REC is beginning to experience after a period of uncertainty. He included significant savings that have been negotiated to bring down costs to the membership.

He also shared internal updates that the department has undertaken, including policy and procedure updates, and cross department collaboration on items such as a risk matrix and scoring system for new and existing contracts. He did note that while the overall supply chain situation has improved, lead times remain longer than pre-pandemic norms. The procurement department will continue to work diligently with vendors to ensure the best outcomes for REC members.

Q4 2024 JD Power Results & Member Satisfaction Team Presentation

Eugene Hamrick, Director – Enterprise Analytics and Innovation, Adam Elrod, Data Strategy and Innovation Architect, Ayla Choudhery, Data Analyst, and Kris Seiber Dunn, Managing Director – Member Services, joined the meeting to present the Q4 2024 JD Power results and discuss the progress of the Member Satisfaction Team. They began by sharing the ACSI score for 2024 which was 84, an increase over 2023 which was 82. They then focused on JD Power results for 2024, where REC finished with a score of 730 and a rank of 37. Overall, the industry was on a downward trend year over year, and REC was no exception. Power Quality and Reliability continues to be REC's largest area for improvement in the survey. Mr. Elrod and Ms. Seiber Dunn then shared the work of the Member Satisfaction Team over the last several months. Strategy areas for the team have included that Member Satisfaction is an "All Employee" Effort, addressing specific areas of dissatisfaction/low scores, and adding new methods for member feedback. Ms. Seiber Dunn shared a sample of the work being done on a bill redesign and the member feedback received on the project thus far. The presentation concluded with a reminder that for 2025, JD Power is redesigning the survey, and little is known about the changes and how they will impact overall scores. For that reason, REC will focus on rank for 2025 rather than raw scores, until more is known about the methodology. The board thanked the team for their ongoing work.

AMI Vendor Selection Update

Josh McDonald, Metering General Foreman, and Arthur Wholey, Director- Operational and Construction Services, joined the meeting to present the AMI Vendor Selection update. They were joined by consultant David Spighler with the Spighler Group. Mr. Muhoro and Mr. McDonald highlighted the RFP process to this point, and more specifically the process of evaluating the top two vendors that REC is considering at this time. He shared details on each platform as well as staff's findings on recent site visits to utilities utilizing the platforms. At this time, no action is necessary, and staff will come back to the board for final approval prior to engaging with a successful RFP awardee.

Legislative/General Assembly Update

Lindsey Watson, Director of Government Affairs, joined the meeting. Ms. Watson provided an update on the current events in the General Assembly that impact REC. Specifically, she addressed REC's bill for Hyperscale business organization. She noted that each have been filed: HB 2644 and SB 1197. Bill patrons for this legislation in both chambers are very strong and the outlook is positive for this bill to pass. She concluded her remarks with a schedule for the upcoming Coop Legislative Day in Richmond.

2024 P2 KPI Results

Justin Cruise, Director of Strategy Execution and Enterprise Risk Management joined the meeting to review the outcomes of the 2024 P2 (July-December) results. Highlights for the period achieving Platinum results include Preventable Vehicle Accident Rate (PVAR), C.A.I.D.I, Net Additional SmartHub Enrollment, Community Engagement, JD Power Overall Satisfaction, and JD Power Price. Areas for continued focus include Days Away, Restricted, Transferred (DART), JD Power Power Quality & Reliability, Controllable Expenses, Paperless Billing, and First Call Resolution. Projected MTIER stands at 1.83. Based on this MTIER the KPI P2 2024 will payout based on the terms of the program. After the presentation, **the board voted to go into executive session at 2:55pm. They voted to come out of executive session at 3:05pm. Following the executive session, the board voted to retroactively pay the employees who did not receive the P1 2024 payment, based on the improved year end fiscal performance.**

Attorney's Report & Executive Session

The board voted to enter executive session for the attorney's report and executive session agenda items at 3:10 p.m. and after proper motion, voted to exit executive session at 4:13 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 the 2025 Conflict of Interest form to all directors.

The board was presented with a 2025 Board Travel calendar. After review, **the board voted to adopt the 2025 travel calendar and associated per diems as presented.**

Ms. Watts reminded the board of the upcoming retreat, to be held February 18-19 at Stevenson Ridge.

February Member Communications Preview

The February 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 4:36 p.m.**

J. Mark Wood, Secretary

Attest:

Christopher G. Shipe, Chairman