

RAPPAHANNOCK ELECTRIC COOPERATIVE  
BOARD OF DIRECTORS MEETING

**MINUTES**

WEDNESDAY, MARCH 27, 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 Court, Fredericksburg, VA 22408, on Wednesday, March 27, 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., 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 Administrative & Finance Officer, Lawrence (Larry) G. Andrews  
Chief Grid Operations Officer, Jason Satterwhite  
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 – Engineering and Power Supply, Chris Stoia  
Senior Director – Operations and Construction, Culpeper, Kevin Pories  
Director – Member Services and Community Relations, Culpeper, Jeff Henry  
Electrical Engineer II – William Wills

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).

Mark Wood gave the meeting invocation.

### **Approval of Agenda**

Chairman Shipe called for any changes, edits, or additions to the agenda. Mr. Reaves requested that a discussion topic be added in New Business to discuss a director retreat and the board evaluation process. With those amendments, the **board voted to approve the agenda for the March 27, 2024 meeting.**

### **Introductions & Announcements**

Mr. Hewa opened the meeting by sharing that in April, REC and the industry will honor lineworkers through Lineworker Appreciation Day. REC will honor our linemen on Safety Days, which are being held in the regional offices in April. Mr. Reaves also noted that March is National Women’s month and he thanked the female employees and leaders of the cooperative for their contributions. Mr. Hewa then shared that the Charge Up Louisa event was held earlier this month and that REC’s first public EV charging stations are now up and open for business. He also highlighted the Governor’s announcement in REC’s territory for AWS’ expansion into Louisa, Caroline, and Spotsylvania. Mr. Hewa then shared that REC has awarded \$20,000 in scholarships to area youth for this year. He closed by sharing that REC recently received the Region 6 Outstanding Apprenticeship Award from the Commonwealth of Virginia.

### **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 February 21, 2024 regular meeting, the February 2024 Safety Report, and January 2024 Operating Report.**

### **Unfinished Business**

### **Bylaw Amendment in Response to Court of Appeals Decision**

The Court of Appeals ruled on February 13 on the appeal of Heald v. REC. While the final order has not yet been sent down from the court, the REC board acknowledges the ruling and proactively adopted an amendment to the bylaws, Article XII, Section 1 changing the two-thirds requirement to a majority. The draft version of the bylaws with this edit was presented. **The board voted to approve the bylaws as presented.**

### **New Business**

#### **Director Retreat/Board Evaluation**

Chairman Shipe reminded the board that it is due for the board evaluation and assessment. He will provide more details soon on the process. Mr. Reaves also indicated he would like the board to have dedicated time to discuss a few topics that are pertinent to the board. Chairman Shipe will work with Ms. Watts to setup such a meeting.

#### **Dominion Corridor Presentation**

Chris Stoia, Managing Director – Engineering and Power Supply joined the meeting. Mr. Stoia gave a presentation based on information supplied to REC by Dominion Energy Virginia “Dominion”. Dominion has determined that a 115kV transmission voltage is no longer viable in portions of REC’s service territory due to system load and therefore those lines need to be rebuilt with 230kV. The timeline for this project would be within the next decade. Initial discussions indicate that this affects ten and possibly up to 15 REC substations in the Culpeper and Bowling Green areas. Due to configuration and lack of back-feed capabilities, most of these substations will need to be rebuilt adjacent to the existing substation before the old station can be decommissioned. The 230kV substations will take up significantly more space and will require additional land be purchased at some stations. Mr. Stoia shared aerial images of existing stations demonstrating the space constraints and need for additional land. Mr. Stoia reviewed the Mutual Operating Agreement (“MOA”) that REC has with Dominion and ODEC that governs facility modifications. This MOA is a FERC filed document that governs interactions between the parties. REC and Dominion will be relying on this document for this upcoming project. The potential costs for this would be \$20M+/- range for each substation rebuild. REC will be working with Dominion to determine who will bear the costs for this project. More information will be shared as plans are finalized and developed.

#### **PJM Resolution**

Mr. Hewa and Ms. Steiner then addressed a proposed resolution before the board. This resolution authorizes and directs REC staff to pursue PJM membership for REC as an Electric Distributor. Based on REC’s discussions with PJM Staff, REC must be a member of PJM to operate as and perform the functions of an Electric Distributor for planned large data centers in the REC service territory. Following discussion, **the board voted to adopt the resolution as presented.**

Resolution # 2024-03-01

## **To Direct and Authorize REC Staff to Fulfill PJM Electric Distributor Duties for Large Data Center Members**

Resolution to Direct and Authorize REC Staff to Execute PJM Membership Application on behalf of REC and Engage in the Activities Appropriate to Fulfill the Electric Distributor Role for Certain Large Data Center Loads in REC’s Service Territory

**WHEREAS**, the Rappahannock Electric Cooperative (REC) is committed to providing reliable and sustainable electric distribution services to its members, including prospective large data center members, and

**WHEREAS**, REC recognizes the importance of compliance with regional regulatory requirements, particularly those outlined by the regional transmission organization, PJM Interconnection, LLC (PJM), and

**WHEREAS**, on January 15, 2024, the Board of Directors of Old Dominion Electric Cooperative (ODEC) passed a Resolution Declining Offer of Alternate Purchase from REC under Section 1(d) of the Second Amended and Restated Wholesale Power Contract dated on or about January 1, 2009, (the Wholesale

Power Contract) between REC and ODEC for two specific perspective large-scale data center members locating in REC's service territory, and

**WHEREAS**, REC has made ODEC aware that REC has several other data center prospects in its service territory which could result in further negotiations and potential future exclusions or exceptions from the Wholesale Power Contract, and

**WHEREAS**, REC and ODEC, on January 15, 2024, executed a Memorandum of Understanding (MOU) Regarding PJM, all as provided more particularly in the MOU, and

**WHEREAS**, REC believes, based up discussions with PJM staff, that it must be a member of PJM to operate as and perform the functions of an Electric Distributor (as defined by PJM) either itself or contractually through one or more third parties, and

**WHEREAS**, REC intends to operate as the Electric Distributor for the entirety of the load associated with the two large-scale prospective data center members and potentially additional data center members in the future as stated herein, all in compliance with PJM rules and regulations, and

**WHEREAS**, it is the desire of the REC Board of Directors to proactively prepare and equip the cooperative to perform such functions and ensure a seamless transition as well as compliance with PJM rules and regulations,

**NOW, THEREFORE, BE IT RESOLVED** that the REC Board of Directors does hereby authorize and direct the President and CEO of the Cooperative and/or his designee(s) to undertake all necessary actions as are necessary or convenient to prepare REC to fulfill PJM Electric Distributor functions for large-scale prospective data center members in accordance with PJM rules and regulations, including without limitation, seeking and executing membership in PJM, and any other related approvals as may be required for REC to fulfill said functions and obligations.

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

**This 27<sup>th</sup> day of March 2024.**

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Linda R. Gray

## **Reports**

### **Finance Committee Report**

Michael Lindsay gave the Finance Committee report. Mr. Lindsay informed the board that the committee has asked for minor edits to the board report, and percentages will begin to appear on page one of the report. Also, Mr. Lindsay shared the desire of the committee to use source document controls whenever possible in reporting. Lastly, he shared the finalized version of a quarterly attestation form that will accompany financials when presented to the board. This will begin with June 2024 financials representing Q2.

### **Report of the President**

Mr. Hewa provided an update on Cooperative business over the past month. Messrs. Kevin Pories, Senior Director- Operations and Construction, Jeff Henry, Director – Member Services and Community Relations, and William Wills, Electrical Engineer II, joined the meeting. These gentlemen detailed a power quality issue facing Lake Wilderness, a Spotsylvania community. They recapped the issues reported to date, as well as REC's response. REC has deployed a multitude of resources to address the concerns, including but not limited to vegetation management, replacement of transformers and other equipment, voltage meter placements at residences, and REC's master electrician assessing individual homes. REC is continuing to work with various members to isolate issues, primarily blinks, in this area. REC is also working with the SCC on this issue as a complaint was filed. The board thanked these employees for their efforts to resolve the situation for the members.

Mr. Hewa then informed the board that the Silverado EV's that REC had on order have arrived. REC will use these vehicles as part of the fleet and have them available for members to access at various events.

### **Attorney's Report & Executive Session**

**The board voted to enter executive session for the attorney's report and executive session agenda items at 1:38 p.m. and after proper motion, voted to exit executive session at 3:38 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 reminded directors to submit any outstanding reimbursements prior to the end of the quarter.

### **April Member Communications Review**

The board received a preview of the planned April 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 3:50 p.m.**

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Linda R. Gray, Secretary

Attest:

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Christopher G. Shipe, Chairman