

**DELAWARE ELECTRIC COOPERATIVE
MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS**

November 18, 2020

CALL TO ORDER

The regular meeting of the Board of Directors of Delaware Electric Cooperative, Inc. was held, via teleconference, on Wednesday, November 18, 2020 at 10:00 a.m. Chairman William J. Wells called the meeting to order. The following directors were present: Dean C. Belt, Michael K. Brown, Blaine M. Daisey, Sr., Patricia S. Dorey, William P. Haughey, Jr., Bruce A. Henry, Laura T. Phillips, Charles L. Towles, Jr., and Bruce R. Walton.

Also present at the meeting were J. William Andrew, Rob Book, Bruce Campbell, Tom Beamon, Mark Nielson, David Shapley, Troy Dickerson, Dawn Smart, Dwayne Street, Jesse Spampinato, Attorney Jaime Nutter, and Teresa McCann, who recorded the minutes of the meeting.

AWARD PRESENTATION

Before any business was conducted, President & CEO Bill Andrew introduced 1st Class Serviceman Sheron Sturgis and recounted Sheron's act of heroism in rescuing a trapped motorist in a vehicle that caught fire as the result of an accident on October 14.

President & CEO Andrew then presented Sheron Sturgis with a Lifesaving Award and commended him for his bravery and compassion for the community in which he lives.

APPROVAL OF MINUTES

The Minutes of the regular meeting of October 21, 2020 were approved, as written, upon a motion made, seconded, and unanimously carried.

HUMAN RESOURCES

Vice President of Human Resources, Dawn Smart, presented the safety report to the Board. There were no injuries or accidents reported for the month of October.

Vice President Smart reported the month of October had a 94% completion rate for employee review of safety and training materials on "Slips, Trips and Fall Prevention".

Vice President Smart also reported there were two work area inspections for the month of October, with both receiving a "Satisfactory" rating.

FINANCIAL REPORT

Chief Financial Officer Tom Beamon reviewed the October 2020 Financial Report with the Board.

CFO Beamon reported October as being the “low tide” for kWh sales and the \$2.5 million in loss of revenue was reflected in the operating results. He reported that the mild weather in October resulted in not having any cooling or heating degree days.

CFO Beamon reported that a rate was locked in with NYLife for loan funding and DEC would proceed to execute the agreements, have them officially recorded, and take funding in December. He explained that this would establish a diverse, low-cost funding pool that would enhance the overall credit profile.

CFO Beamon reported the 2021 budget process is well underway and there would be a meeting of the Finance Committee in early December to review.

CFO Beamon reported work was underway for the 2020 General Retirement, which would include DEC margins for 2009, as well as ODEC margins for 1991. Over \$8 million in Capital Credits would roll out to the membership the first week of December by way of on-bill credits. Checks would be mailed out mid-December to disconnected members.

CFO Beamon reported there were some administrative details which called for Financial Resolutions. First financial resolution would be for PNC Bank to update the banking authority by removing the name, Gary Cripps, and adding in its place, Tom Beamon. The second financial resolution would be for CoBank to update the Incumbency Certificate by removing the name, Gary Cripps, and adding Tom Beamon. The third financial resolution would be for Shore United Bank to update the banking authority by removing the name, Gary Cripps, and adding Tom Beamon.

A motion was made to remove the name, Gary Cripps, from all three institutions and add Tom Beamon’s name. Motion was seconded and unanimously carried.

RISK MANAGEMENT COMMITTEE

Vice President of Risk Management, Bruce Campbell, updated the board on Governor Carney's press briefing of November 17th with information and restrictions due to a surge in Covid-19 cases. There were 58,421 tests conducted the first half of November. As of the briefing date, Delaware has had a total of 29,552 cases of Covid-19 with 739 lives lost. To slow the spread of Covid-19, the Governor has issued more restrictions effective November 23rd.

Vice President Campbell reported to the board that on November 11th, an employee reported testing positive for Covid. He advised the board that all surfaces in the building were disinfected the same day, employees went back to working from their homes or vehicles, and staggered shift protocols were put in place. The lobby will remain closed.

ENGINEERING, PLANNING & INNOVATION REPORT

Vice President of Engineering, Planning and Innovation, David Shapley, reported that growth continues to outpace last year. Miss Utility tickets were down 2% for the month of October but up 4% for the year. In responding to a board question from the October meeting regarding the ratios tracked for the number of cuts since the locators were doing a phenomenal amount of work, Vice President Shapley reported there were 43 Miss Utility cuts in 2019, with eight (8) cuts due to DEC error. Half of those cuts were due to marks being more than 18 inches off. In 2020, there have been 30 cuts with two (2) due to DEC error.

Vice President Shapley reported the number of RF meters presently installed on our system is 59,554, which accounts for approximately 58% of the total meters. Read rates were 99.08% for all meters compared to the read rate of 99.01% for last month. Vice President Shapley also reported the goal of the RF meter project was to have 20,000 PLC meters replaced this year. To date, approximately 11,800 have been completed, representing 58% completion of this project.

Vice President Shapley reported DEC has developed a temperature map that shows meters with abnormally high temperatures for RF meters.

ENGINEERING

Assistant Vice President of Engineering, Troy Dickerson, reported that year-to-date new services increased 11.40% from last year's numbers. On November 16th, engineering exceeded last year's numbers for new services. Jobs engineered were up 4.50% from last year.

Assistant Vice President Dickerson reported they are seeing more new developments. The engineering department has staked 76 work orders consisting of 2,227 lots and still holds 43 un-staked work orders consisting of 1,225 lots. Assistant Vice President Dickerson reported they met with the county on Cedar Grove substation; the county has had a backlog due to Covid-19. He also updated the board on the Dorey Transmission Line, which they hope to complete by the first or second week of December.

Assistant Vice President Dickerson reported on the bids received for commodities for 2021-2022. On bids received, DEC would realize savings on Lighting, Rubber Goods, Insulators/Ground Rods, Arrestors and hardware while added cost in Enclosures and Anchors/Sleeves. Overall, \$306,823 in savings would be realized through this bid term as compared to last year's prices.

Assistant Vice President Dickerson also reported there were 1,152 transformers purchased in 2020 compared to 1,104 in 2019. There were 42 more pad mounted transformers and six (6) more conventional transformers used in 2020 than in 2019.

OPERATIONS & MAINTENANCE

Vice President of Operations, Jesse Spampinato, presented the Operations Report to the board. Vice President Spampinato reported October's SAIDI minutes were 6.80 minutes, which was 26% favorable in comparison to the 9.24 minutes in October 2019. The average SAIDI minutes for October are 10.62. Vice President Spampinato reported 0.103 interruptions on the SAIFI report for October 2020. When compared to the 0.113 interruptions for October 2019, it shows a favorable 9% YTD for SAIFI. The average October SAIFI interruptions are 0.151.

Vice President Spampinato reported the Customer Average Interruption Duration Index (CAIDI) minutes were 65.86 minutes compared to 82.09 in October 2019. This showed a favorable 20% YTD for CAIDI. The average October CAIDI minutes are 69.91.

Customer Average Interruption Frequency Index (CAIFI) reported 1.112 interruptions, compared to 1.228 in October 2019. This showed a favorable of 9% for CAIFI. The average October CAIFI interruptions are 1.159.

Preventative Maintenance (PM) Outages (SAIDI PM) were 2.98 minutes compared to October 2019 of 3.83. This showed a favorable 22% YTD for SAIDI PM minutes. The average October SAIDI PM minutes are 6.98.

Preventative Maintenance (PM) SAIFI reported 0.040 interruptions, where the SAIFI for October 2019 was 0.046 PM interruptions. This showed a favorable 13% YTD for SAIFI PM interruptions. The average October SAIFI PM interruptions are 0.087.

Vice President Spampinato reported there were 187 outages recorded for the month of October compared to the reported 267 outages in October of 2019. The average total outages for October are 232. He also reviewed details of seven (7) circuit outages with the board.

Vice President Spampinato discussed “Beat the Peak” performance with the board, noting that controlling the load for the month of October saved \$40,920. He reported that DEC ran load control with “Beat the Peak” four times for the month. Load control and beat the peak have saved DEC an estimated \$2,209,156 for the year (YTD).

REGULATORY REPORT

Vice President of Staff Services, Mark Nielson, provided the Board with an update on the Bruce A. Henry Solar Farm. In October, the solar farm produced 290,418 kWh and had a zero-kW impact on our coincident peak. For the month, the kWh production was 40.84% less than forecasted.

Vice President Nielson noted that Phase II of the Bruce A. Henry Solar Farm generated 386,352 kWh for October with a zero-kW impact on demand. He reported a drone infrared survey was completed that showed two inverters out of service, several combiners and strings out as well. He noted that he is contemplating whether to change contractors due to their response time.

Vice President, Mark Nielson provided an update on the ODEC/EDF distributed solar projects. He reported the Heimlich (Kratz) project was scaled back to 4.5 MW, located near Greenwood, was now in Planning & Zoning. The Broom (Omar) project was at 3.0 MW and would be scheduled for planning & zoning in a month or two. The Tangent Clean Energy 1.5 MW PPA, near Hartly, is ongoing, and although a PPA has not been signed, the principals are in agreement. The CleanBay PPA poultry waste project outside Georgetown is moving along although DEC is waiting to see how much they can generate and inject into DEC's system or whether they may be a significant load for DEC.

Vice President Nielson reported the Clean Energy Plan is moving forward and should be finalized in a few weeks.

ODEC REPORT

Director Henry reviewed the Confidential ODEC report summarizing facts released from the October 2020 ODEC Board Meeting. He also reported the ODEC budget finance meeting would be November 23rd. Director Henry reported that ODEC's Fitch credit rating went from an A to an A+.

MEMBER SERVICES REPORT

Vice President of Member Services, Rob Book, presented the Member Services report to the Board. Vice President Book reported 6,872 calls to the call center during the month of October. This was a decrease of 23. There were 924 credit checks run in October.

Vice President Book also advised the board that he has spoken with Drew Slater, Delaware Public Advocate, and at this point, the State is not discussing another moratorium for electric disconnects.

Vice President Book reported to the board that DEC's 2020 ACSI score of 91 was the highest among electric cooperatives across the nation for the third year in a row and the highest ever for Delaware Electric Cooperative.

Vice President Book also discussed department plans to improve communications. The department plans to launch the yearly capital credits marketing campaign the first

week of December. He explained that the editorial content would change because all active members would receive a billing credit and not a check. Efforts will be made to encourage members to look at their December printed or electronic bill to view their credit. He reported it is also planned to send members an email informing them of their exact billing credit.

Vice President Book advised the board, to better communicate with employees, an all-employee Zoom call was held on November 5th that provided them with updates on reliability, capital credits, solar projects and expected changes at DEC as Covid cases in Delaware surge.

LEGISLATIVE REPORT

Director Towles called upon Attorney Jaime Nutter to report on the general elections and their impact on Delaware.

Attorney Nutter reported the senate will now hold a 14-7 Democrat party majority and the house will hold a 26-15 Democrat party majority. He reported that Republicans will be limited in their influence.

Attorney Nutter also reported that there would be a push for more progressive policies in Delaware such as the Green New Deal, legalizing marijuana, gun control measures, and renewables. He also reported that Covid will dominate the session and would expect that virtual legislative sessions to continue until March of 2021.

Attorney Nutter informed the board that DEC would need to continue to use influence, promote a clean energy plan, and protect members from rate impacts.

TECHNOLOGY

Dwayne Street, Vice President of Technology, reported that the Critical Infrastructure Availability for the month of October was 100% in all areas except Wide-Area Network (Fiber), which was at 99.56% due to Wharton switching maintenance.

Vice President Street updated the board on results of activities conducted during Cybersecurity Awareness Month in October. He also reported impersonation emails were on the rise.

Vice President Street reported DEC was exploring an opportunity to help monitor the OT/SCADA network using Darktrace, the current IT Cybersecurity AI solution. He explained the

additional layer of security would help reduce business risk by monitoring and alerting on anomalous traffic in DEC's operations technology network, which could directly impact the operational safety and profitability, if compromised.

NRECA REPORT

Director Michael Brown reported the NRECA review was sent by email to the directors.

VMD ASSOCIATION REPORT

Director Pat Dorey reported Association CEO Richard Johnstone would be retiring in April. Three candidates would be interviewed December 4, 2020.

Director Dorey also accepted a \$10,000 check from DEC for their VMDAEC Scholarship program and reiterated that it would be matched by Co-Bank.

A motion was made, seconded and unanimously carried to approve Tom Brown as a director for District 7, replacing Woody Noel who had passed in May.

ADJOURNMENT

Having no other business to come before the Board, the meeting was adjourned at 12:57 p.m.

EXECUTIVE SESSION

Chairman Wells called for an Executive Session. The Executive Session meeting was adjourned at 3:11 p.m.

REGULAR SESSION

The Board of Directors came out of executive session and returned to regular session. Director Dean Belt representing, District 9, announced his resignation from the board, effective immediately. The Board accepted Director Belt's resignation with regrets and thanked him for his many years of distinguished service to Delaware Electric Cooperative, its member consumers, and the greater community. He was also acknowledged for his service to NRECA as a Board member representing the State of Delaware on behalf of DEC. The Board entertained a motion and second to nominate Director Blaine Daisey to fill the District 9 director position vacated by Director Belt until the 2021 DEC Annual Meeting, when he will stand for election by the membership.

The Board of Directors discussed the four search proposals received for the President and CEO search. Upon motion properly made and carried, the board chose the CarterBaldwin Executive Search Firm to conduct DEC'S search process for the next CEO.

The Board then reviewed and discussed the 2021 Board Budget. The Budget Committee made a recommendation for approval. Upon motion properly made and seconded, the 2021 Board Budget was approved, as presented.

ADJOURNMENT

Having no other business to come before the Board, the meeting was adjourned at 3:12 p.m.

Chairman

Secretary