

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

January 19, 2022

CALL TO ORDER

The regular meeting of the Board of Directors of Delaware Electric Cooperative, Inc. was held virtually at Delaware Electric Cooperative headquarters in Greenwood, Delaware, on Wednesday, January 19, 2022, at 10:00 am. Chair Patricia S. Dorey called the meeting to order. The following directors were present: William J. Wells, Michael K. Brown, Thomas E. Brown, Hunter J. Emory, Bruce A. Henry, Laura T. Phillips, Charles L. Towles, Jr., Bruce R. Walton, William P. Haughey, Jr., and Blaine M. Daisey.

Also present at the meeting were Gregory Starheim, Tom Beamon, David Shapley, Dwayne Street, Jesse Spampinato, Dawn Smart, Jeremy Tucker, Troy Dickerson, Jamie Nutter and Lauren Freese, who recorded the minutes of the meeting. New employee Chelsea Wooten was present for the beginning of the meeting and was introduced to the Board. Special guest, Mr. Brad Kitchens was also present for the portion of the meeting relating to Strategic Planning.

APPROVAL OF MINUTES & ORGANIZATIONAL MINUTES

The Minutes of the regular meeting of December 15, 2021, were approved.

INTRDUCTION OF NEW EMPLOYEE

Vice President of Human Resources, Dawn Smart, introduced Chelsea Wootten, Communications Specialist in the Member Services Department to the Board.

SPECIAL TOPIC: Strategic Planning Survey Results

Mr. Brad Kitchens, President and CEO of ScottMadden, Inc. shared the results of the pre-strategic session survey and commented that the meetings and responses shared by the staff and Directors were very productive. The strategic issues and their priority to the Board and staff were very closely aligned.

President Starheim touched on corporate goals and objectives which were sent to the Board.

The next step will be finding a date for an in-person or hybrid meeting for completing the strategic planning discussions.

VOTING DELEGATE FOR NRECA

The Board voted and approved Director Michael K. Brown as voting delegate and Gregory Starheim as alternate for the annual and regional NRECA meetings being held in 2022.

The Board also voted and approved Director Laura Phillips as voting delegate and Director Charles Towles as alternate for the CFC Annual meeting as well as Director Blaine Daisey as voting delegate and Director William Haughey as alternate for the Federated Regional Meeting.

ALDC SPRING MEETING – DATE CONFLICT

President and CEO Gregory Starheim shared with the Board the conflicting meeting dates for the ALDC Spring Meeting being held April 19 – 22 and the DEC Board meeting scheduled for April 20. It was decided unanimously by the Board to move the April Board meeting date from Wednesday, April 20 to Monday, April 18.

PRESIDENT'S REPORT

President and CEO Gregory Starheim shared that Rob Book's dad passed away recently and Jeremy Tucker was sitting in for him at the Board meeting.

President Starheim also mentioned tragic news about two linemen from a neighbor utility who were electrocuted, and one lost his life. He stated that Federated Insurance tracks numbers of yearly contact fatalities and there are somewhere between 15 to 25 each year.

President Starheim stated that DEC has transitioned from a fiscal year-end to a calendar year-end for financial reporting.

He also explained that COVID continues to affect many departments at DEC. The federal vaccination/testing mandate that went into effect on January 10, 2022 was struck down

by the Supreme Court and, as a result, DEC would suspend its planned actions to comply with the regulation while continuing with CDC guidelines.

President Starheim shared that the major snowstorm that occurred on January 3 did not cause a significant number of power outages on the DEC system, however, several cooperatives in Virginia were severely impacted. DEC employees were sent to assist Rappahannock Electric Cooperative under a Mutual Aid agreement.

President Starheim discussed Senator Hansen's bi-weekly Community Solar stakeholder meetings that have been focused on net metering practices and among electric companies in Delaware. Senator Hansen would like to amend the net metering bill to raise the system cap for additional net metered installations to above the current 5% current limitation.

President Starheim discussed inflation rates are projected to slow down in early 2022 and that short-term interest rates are likely to increase. He stated that the housing market is still strong despite an increase in mortgage rates. He touched on gas and oil rates remaining high and the U.S. Department of Energy's outlook of renewables for an additional 21,000 new megawatts of generation.

HUMAN RESOURCES REPORT

Vice President of Human Resources, Dawn Smart, reported that DEC currently has three job openings.

There were no recordable injuries or accidents in December 2021.

Safety training in the month of December was completed by 100% of staff and 60 employees took the CPR & AED training.

Vice President Smart shared information on pending litigation and grievances.

She also gave an update on COVID statistics at DEC and an update on state and federal mandates.

FINANCIAL REPORT

Chief Financial Officer Tom Beamon reviewed the financial highlights for the period ending November 2021 and stated that DEC is on or under budget for most departments.

CFO Beamon shared the debt service coverage impact of the \$30MM debt swap. He also touched on the Power Cost Adjustment, where it is found on a customer's bill, and what it means for utility ratemaking.

SPECIAL PROJECTS & INNOVATION REPORT

Vice President of Special Projects and Innovation, David Shapley, shared statistics on DEC renewable projects. The Bruce Henry Solar Phase I has been under-producing due to equipment issues causing maintenance costs to be higher than budgeted. He also reported that Bruce Henry Solar Phase II year-to-date is operating above expectations.

Vice President Shapley discussed pole attachment rental fees and net metering legislation in Delaware. Currently we have 5 closed substations due to net metering saturation and three more that are close to reaching their threshold cap.

ENGINEERING REPORT

Vice President, Troy Dickerson, reported that from December 2020 to December 2021, new services were up 10%, new work requests up 15% and jobs engineered up 25%.

Vice President, Dickerson also reported that construction of the new Dorey Substation is underway and on-schedule for energization in June 2022.

OPERATIONS & MAINTENANCE REPORT

Vice President of Operations, Jesse Spampinato shared circuit outage events and service restoration periods.

He also discussed system reliability using SAIDI, SAIFI, and CAIDI. Current reliability numbers are at an all-time best for performance measures.

TECHNOLOGY REPORT

Information Security Manager, Ben Galvacky shared cyber threats are on the rise in the industry and that DEC and our critical infrastructure performed well during a recent third-party penetration test. The penetration tests measured the vulnerability of SCADA Servers, phone system, IVUE (member care and billing software), Outage Management (security and software updates) and the Fiber network. As part of DEC's Cyber-security program, penetration tests will be conducted quarterly.

MEMBER SERVICES REPORT

Strategic Communications and Engagement Manager, Jeremy Tucker, shared the Member Services Report in Rob Book's absence. Mr. Tucker touched on the positive social media reaction to the capital credits announcement.

He also discussed the upcoming virtual Member Rate Hearing being held on February 16 at 5:00 pm. The Board meeting will need to conclude by 2:30 pm to support a practice session beginning at 3:30 pm.

Mr. Tucker also touched on DEC's internship program and bylaw communications.

ODEC REPORT

Director Mike Brown gave the ODEC Board report, including an update on generation station Wildcat Point and the upcoming retirement of Rick Beam, Senior Vice President of Power Supply & COO at ODEC.

NRECA REPORT

Director Mike Brown shared information about the upcoming PowerXChange conference taking place March 6-9 in Nashville, Tennessee.

LEGISLATIVE REPORT

Director Charles Towles reported that the 151st General Assembly began on January 11, and that meetings will be held virtually. He also touched on Senate Bill 1 which involves a payroll tax deduction for 12 weeks of paid leave.

ADJOURNMENT

Having no other business to come before the Board, the meeting was adjourned at 3:15 p.m.

EXECUTIVE SESSION

Chair Pat Dorey called for an Executive Session.

The Board agreed to begin the February 16 meeting at 9:00 am instead of 10:00 am to accommodate the need to conclude the meeting by 2:30 pm.

The Executive Session meeting was adjourned at 5:03 p.m.

Secretary

Chairwoman