

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

December 15, 2021

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, December 15, 2021, 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., William P. Haughey, Jr., Bruce R. Walton, and Blaine M. Daisey.

Also present at the meeting were Gregory Starheim, Tom Beamon, David Shapley, Dwayne Street, Jesse Spampinato, Rob Book, Dawn Smart, Jeremy Tucker, Troy Dickerson, Jamie Nutter and Lauren Freese, who recorded the minutes of the meeting. Special guest, Mr. Ty Thompson was present for his portion of the meeting.

APPROVAL OF MINUTES & ORGANIZATIONAL MINUTES

The Minutes of the regular meeting of November 17, 2021 were approved.

CORPORATE CALENDAR

It was noted by Chair Dorey that the corporate calendar was available to view in the Dropbox.

SPECIAL TOPIC: Electric Cooperative Governance

President Starheim introduced Mr. Ty Thompson, NRECA, Vice President and Deputy General Counsel. Mr. Thompson shared his presentation entitled, “(Some) Electric Cooperative Governance Challenges During the Past Five Years” and noted that cooperative members and others are very interested in the governance and transparency of electric co-ops. He shared information about activist groups that have an environmental or other interest in the way electric

cooperatives do business. He also noted many reports, articles, seminars and legal proceedings involving Presidents, Directors and Trustees (term used in SC for Directors). Most of the actions were in the southern portion of the U.S. The states of South Carolina and Louisiana went as far as changing legislation for electric cooperatives dealing with quorums, compensation and benefits. Mr. Thompson noted that open communication and transparency with members is key to a successful relationship with members.

PRESIDENT'S REPORT

President and CEO Gregory Starheim touched on the effects of more COVID deaths in the state as well as its impact on the DEC employee population. He also mentioned the member rate hearing and the strategic planning retreat as upcoming events in 2022 that should receive COVID-related consideration.

President Starheim stated that DEC will have a strong year financially. He also touched on the fact that inflation numbers are at a 40-year high and this is expected through the 1st quarter of 2022, although the Federal Reserve has announced plans to take action to slow down the economy and cool inflationary pressures.

He mentioned that recent employee engagement sessions have been well received and very strong feedback. As part of a senior staff meeting on December 10th, all the responses were reviewed and future actions discussed, which will become part of 2022 department goals. President Starheim would like to share 2022 proposed corporate goals and objectives with the Board at the January meeting.

President Starheim discussed the status of DEC solar projects; the Broom Solar Project is projected to enter service in the 2nd quarter of 2022 and Heimlich Solar Project is estimated to enter service in the 3rd quarter of 2022. He also reported that of the 5,000 new residential services that DEC is anticipating next year, 20% are expected to have roof top solar.

HUMAN RESOURCES REPORT

Vice President of Human Resources, Dawn Smart, reported that DEC said farewell to one employee and explained that there are currently three open positions.

Vice President Smart reported two recordable injuries for the month of November, no vehicle collisions except for one minor incident with one of the trucks in the truck bay.

Vice President Smart stated November's safety training was completed by 100% of staff. All employees are required to take Sexual Harassment training by December 31, 2021. To date 68% of staff have completed the live interactive webinars on Sexual Harassment which take 1.5 hours.

Vice President Smart informed the Board that the federal mandate for COVID has not changed since last month's meeting, employees are required to wear masks while in the building and that a policy has been drafted in the event the stay on the Federal COVID Emergency Temporary Standard (ETF) is lifted through future court challenges.

Vice President Smart shared that our decorated EV and bucket truck participated in several holiday parades and events.

FINANCIAL REPORT

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

Chief Financial Officer Beamon shared that the Finance and Regulatory Oversight Committees met on December 8. Director Haughey thanked all involved in these meetings as well as all department heads for their involvement in the 2022 Operating Budget which Chief Financial Officer Beamon then shared. The Finance Committee recommended the Board adopt the 2022 Budget as presented. The Board unanimously approved the Budget as presented.

Chief Financial Officer Beamon explained the 2021 annual write-off proposal of \$333,619 which includes \$210,343 in electric service and \$123,276 in miscellaneous billings. The Board approved the 2021 annual write-off proposal.

REGULATORY OVERSIGHT

Chief Financial Officer Beamon discussed ODEC's wholesale energy price increase from \$28.92 in 2021 to \$34.78 in 2022 and a proposed PCA (price cost adjustment) from current pricing of \$0.013 to \$0.023 per kWh in 2022. If approved at the February public hearing meeting, the adjustment would take effect on March 1, 2022.

A motion was made to hold a virtual hearing to vote on the PCA, with members able to join virtually, on February 16, 2022. The motion was carried.

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. Actions are ongoing to remedy the issues. He also reported that Bruce Henry Solar Phase II has been operating as expected.

ENGINEERING REPORT

Vice President, Troy Dickerson, reported that jobs engineered are at an all-time high and will be over 6,000 by the end of the year.

Vice President, Dickerson also reported that construction of the new Dorey Substation is underway and on-schedule and that overall, utility material lead times continued to stretch out. Actions have been taken to prevent any impact on DEC operations.

OPERATIONS & MAINTENANCE REPORT

Vice President of Operations, Jesse Spampinato shared that we have taken delivery of three new utility trucks in 2021 and have placed orders for four new trucks for 2022; two trucks are expected to arrive Q1, 2022 and two are expected to arrive Q1, 2023.

Vice President Spampinato also shared circuit outage events and how quickly service was restored.

He also reported on two potential law suits he is monitoring along with DEC legal counsel.

MEMBER SERVICES REPORT

Vice President Rob Book reported that calls to the call center have continued to drop over the past month but expects those numbers to rise when members start calling to check on their capital credit allocations. He also shared how much everyone is enjoying Winter WonderFest at Hudson Fields.

Vice President Book also reviewed plan for member communications relating to the upcoming rate hearing and the Special Membership Meeting on changing by-laws to allow for future electronic member voting. Mr. Nutter reviewed a proposed draft resolution calling a special meeting of the members of DEC for the purpose of voting on proposed by-law amendments. The Board will review the document and it will be discussed at the January meeting.

ODEC REPORT

Director Bruce Henry reviewed the ODEC report summarizing facts released from the December 2021 ODEC Board Meeting including Director Mike Brown taking over for him in January 2022.

Director Henry reported that ODEC has a strategic goal of adding 400 MW of solar to their power supply portfolio by 2025 and that they are having difficulty finding suppliers within the three targeted states of DE, MD and VA for legitimate solar projects.

President Starheim added the Board acknowledged Director Henry's many years of service and Director Henry was given an award of recognition.

LEGISLATIVE REPORT

Mr. Nutter reported on a December 3 meeting that he and President Starheim had with Governor Carney. He also stated that the luncheon during the upcoming 2022 Legislative Session is still pending.

NRECA REPORT

Director Michael Brown reported that the NRECA Board voted to increase the registration costs for member meetings by \$30 for members and \$20 for spouses. He also shared that eleven Board members will be rotating off the Board in 2022.

VMD REPORT

There was no VMD report.

ADJOURNMENT

Having no other business to come before the Board, the meeting was adjourned at 4:10 p.m.

EXECUTIVE SESSION

Chair Pat Dorey called for an Executive Session. The Executive Session meeting was adjourned at 4:50 p.m.

Secretary

Chairwoman