

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

July 20, 2022

CALL TO ORDER

The regular meeting of the Board of Directors of Delaware Electric Cooperative, Inc. was held virtually and in person at the Delaware Electric Cooperative headquarters in Greenwood, Delaware, on Wednesday, July 20, 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., William P. Haughey, Jr., Bruce R. Walton, and Blaine M. Daisey.

Also present at the meeting were Gregory Starheim, Tom Beamon, Ben Galvacky, Rob Book, Troy Dickerson, Dawn Smart, Kevin Yingling, Lucas Zlock, Jamie Nutter (virtual for his portion of the meeting), and Lauren Freese, who recorded the minutes of the meeting.

INVOCATION / PLEDGE OF ALLEGIANCE

Invocation was given by Director Towles, followed by the Pledge of Allegiance.

APPROVAL OF MINUTES

The Minutes of the regular meeting of June 15, 2022 were approved.

INTRODUCTION OF NEW EMPLOYEES

There were no new employees since the last Board meeting.

CORPORATE CALENDAR

Chair Dorey mentioned upcoming events for the Board including the August 16, 2022 Annual Meeting, the August 18, 2022 Member Rate Hearing and the September 6-8, 2022 NRECA Region 1 meeting in Indianapolis, IN.

POLICIES

Vice President of Human Resources, Dawn Smart, reviewed proposed changes to Article 001 (Statement of Objectives), now being considered a part of the policies. There was discussion as to whether this should remain as a standalone document or become a policy. The changes and categorization of the article were tabled for discussion at a future board meeting.

Vice President Smart also reviewed a proposed new policy, Board Responsibilities, which was also tabled to the later board meeting. The Board was asked to send any suggested changes or comments to the proposed draft policy to Mr. Starheim by August 1 for consideration and action at a later board meeting.

Mr. Starheim reviewed the new management Policy 900.3, Minimum Critical Inventory, with the Board. A motion was made to show board support for the policy. The motion was seconded and approved unanimously by the entire board.

SPECIAL TOPIC: Net Metering (Solar) – Tariff Change

Manager of Member Services, Kevin Yingling, provided an overview of the recent legislation relating to changes to the state net metering statute. The legislation, SB298, increases the total system cap of net metered installations from 5% to 8% of historic system peak while also eliminating any remuneration for net metered accounts for excess energy accumulated after a one-year period. To provide ample notice to members who have net metered systems, staff proposed that existing net metered accounts receive a one-time, final monetary payment (through a bill credit) for surplus energy balances. Proposed changes to the following existing DEC Tariffs were reviewed: Small Power Cogeneration (Leaf #42), Net Energy Metering Rider- Schedule NEM (Leaf #81 & 82), Aggregated Net Energy Metering Rider – Schedule ANEM (Leaf #86) and Community Net Energy Metering – Schedule CNEM (Leaf

#92). The Governor is expected to sign SB 298 in the next 30 days. Notification of the changes to the tariffs will be sent out to existing net meter members upon enactment. The Board made a motion and approved the proposed actions and tariff changes.

PRESIDENT'S REPORT

President and CEO, Gregory Starheim reported on the status and metrics of the 2022 Corporate Goals and Objectives as of the end of the second quarter 2022. He shared information regarding gas prices in the U.S. and Europe, actions being taken in response to the current supply chain crisis, and the formation of CARES (Coalition for the Advancement of Reliably Electric Systems) and related website. Staff will provide talking points relating to the supply chain issues in the event directors are contacted directly by members or other interested parties. Mr. Starheim also reported that there was a meeting of VMDA CEOs and Board Chairs on June 17, 2022 to discuss governance best practices and a follow-on meeting is scheduled to occur on June 25, 2022 at the VMDA Statewide Annual Meeting. He shared that DEC successfully closed on the purchase of property on Cedar Grove Road on July 15, 2022, for a future substation in Lewes.

HUMAN RESOURCES REPORT

Vice President of Human Resources, Dawn Smart, reported that there were no injuries or accidents in the month of June. She updated the Board on current DEC COVID statistics, union relations and grievances and progress on the Culture Improvement action plan, including the formation of an employee committee to review and provide feedback on the existing plan. Ms. Smart also reported that another employee committee was created to participate in the evaluation of a new employee benefits plan.

FINANCIAL REPORT

Chief Financial Officer, Tom Beamon reported on the financial performance of the cooperative for month-ending May 2022. He also proposed Board action to establish a \$25 million, 3-year revolving credit facility. The motion was made and approved by the Board to approve the new credit facility.

SPECIAL PROJECTS & INNOVATION REPORT

System Engineer, Lucas Zlock, presented the Special Projects & Innovation Report to the Board in Dave Shapley's absence. Mr. Zlock provided an update on the performance of the Bruce Henry Solar Farm Phases I and II, as well as the Ameresco and Tangent Projects. He also gave an update on the status of DEC's solar projects under development.

ENGINEERING REPORT

Vice President, Troy Dickerson, reported on the performance of the engineering department relating to new services, jobs engineered and staked and un-staked work orders. He also shared information regarding two new developments; Mayapple Farm, LLC and Ironhook Harbor. Mr. Dickerson also reported on the development progress for the new Belt and Dorey substations.

OPERATIONS REPORT

Vice President, Troy Dickerson presented the Operations Report to the Board in Jesse Spampinato's absence. He reported on June circuit outage events, system reliability, construction statistics and vegetation management. He shared that on June 23, DEC provided mutual aid assistance to NOVEC to assist in storm restoration efforts.

TECHNOLOGY REPORT

Information Security Manager, Ben Galvacky presented the Technology Report in Dwayne Street's absence. Mr. Galvacky reported that critical infrastructure availability in June was at 100% in all but one area due to planned system patches. He also gave an update on

DEC's cybersecurity actions for the month, including reporting on the results of recent phishing tests with employees.

MEMBER SERVICES REPORT

Vice President, Rob Book reported on current communications with members and staff regarding the annual meeting, proposed rate increase, and the State Fair. He also shared statistics on the call center and residential utility rates.

ODEC REPORT

Director Mike Brown reported that the ODEC Board and Committees will be meeting on July 25, coinciding with the VMDA Annual Meeting.

LEGISLATIVE REPORT

Director Charlie Towles reported that the legislature has recessed. Jamie Nutter gave an update on the following legislation that passed both houses and is awaiting the Governor's signature: Net Metering bill (SB298) and creation of a Governor's Energy Advisory Council (SB310). Mr. Nutter also reported that the Climate Change bill (SB305) introduced did not move in this legislative session.

NRECA REPORT

Director Hunter Emory reviewed several new NRECA proposed resolutions that were accepted by the National Resolutions Committee, including the Supply Chain resolution proposed by DEC, during their June 24 meeting. The resolutions will advance to the Resolutions Committee meetings at the upcoming NRECA Regional Meetings. He also reported that the NRECA Board approved a 9% increase in annual membership dues.

VMD REPORT

There was no VMD report. Several Directors, as well as Mr. Starheim, will be attending the VMDA Annual Meeting being held on July 25 - 26, 2022 in Hot Springs, VA.

ADJOURNMENT

Having no other business to come before the Board, the meeting was adjourned at 4:43 p.m.

EXECUTIVE SESSION

Chair Pat Dorey called for an Executive Session. The Board exited the Executive Session meeting at 6:15 pm and adjourned the board meeting at that time.

Secretary

Chairperson