

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

**March 16, 2022**

**CALL TO ORDER**

The regular meeting of the Board of Directors of Delaware Electric Cooperative, Inc. was held virtually and in-person at Delaware Electric Cooperative headquarters in Greenwood, Delaware, on Wednesday, March 16, 2022, at 10:15 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, Troy Dickerson, Dawn Smart, Jamie Nutter, and Lauren Freese, who recorded the minutes of the meeting.

**APPROVAL OF MINUTES & ORGANIZATIONAL MINUTES**

The Minutes of the regular meeting of February 16, 2022 were approved.

**CORPORATE CALENDAR**

The Corporate Calendar is available in the Dropbox for everyone's review.

**CORPORATE POLICIES**

Administrative Policy 500.0 (Equal Employment Opportunity, Anti-Discrimination, Anti-Harassment and Retaliation Prevention) was reviewed and approved by the Board. This policy replaces current Administrative Policies 500.1, 500.2, 500.3, 500.4, 500.5 and 500.37.

Administrative Policy 500.14 (Use of Cooperative-Owned Vehicles) was reviewed with recommended revisions proposed by staff and was approved by the Board.

Administrative Policy 500.15 (President & CEO Assigned Vehicle) was reviewed with recommended revisions proposed by staff and approved by the Board.

Administrative Policy 500.32 (Vehicle Idling) was reviewed by the Board. At staff's recommendation, the Board approved the deletion as an Administrative Policy since it is a regulatory requirement and since the terms of the policy are already included in DEC's Safety Manual and Operations practices.

### **SPECIAL EDUCATION TOPIC: Solar Tax Equity Partnership Flip (TEPF) Structure**

Chief Financial Officer, Tom Beamon presented an overview to the Board of a Solar Tax Equity Partnership Flip financing structure. The structure would allow DEC to indirectly benefit from federal solar tax incentives through the creation of a special purpose entity together with an independent tax investor. While no action from the Board was called for at the time, the Board gave approval to staff to proceed with discussions with a local tax investor to further access benefits and opportunities.

### **PRESIDENT'S REPORT**

President and CEO, Gregory Starheim reported that there have been no reported COVID cases among employees in the past several weeks.

He also provided a debrief of his attendance at the recent NRECA PowerXChange Conference and CERAWeek Conference.

President Starheim also spoke about pervasive inflationary and supply chain pressures and a recent ODEC Board decision to increase wholesale energy rates 6.7% effective May 1, 2022. After discussion of possible actions for DEC to take to avoid erosion of financial performance, the Board decided to delay any immediate action to increase the DEC power cost adjustment (PCA) with staff assuming a challenge to mitigate an estimated \$2M cost challenge associated with deferring action on the PCA to later in the year.

## **LEGISLATIVE REPORT**

Director Charlie Towles shared the General Assembly resumed on March 8 and Legislative Hall is now open to the public.

Jamie Nutter discussed the latest energy stakeholder meeting that centered around changes to the state net metering statute, including an increase from a total system cap from 5% to 7%. Mr. Nutter also reported on a recent Kent County Levy Court hearing involving moratoriums on solar farms. He also summarized the Paid Family Legislation that passed in the Senate.

## **HUMAN RESOURCES REPORT**

Vice President of Human Resources, Dawn Smart's report included the farewell of Brent Elzy, a 9-year employee with DEC, and described four current job openings. She also reported that there were no injuries or accidents in February and monthly safety training was completed by 100% of employees.

She gave Board service awards to William J. Wells (45 years), Charles L. Towles, Jr. (15 years), Michael K. Brown (10 years) and Bruce R. Walton (10 years).

Vice President Smart also review pending litigation, union relations and grievances, Spot Awards, new employee orientation plan and "Keeping It Current" breakfast meetings with the CEO and monthly all-employee updates. She also shared that Great Coops will be at DEC on Monday, May 23 and Tuesday, May 24 to conduct leadership training with senior staff and on Wednesday, May 25 for training with other managers and supervisory staff.

## **FINANCIAL REPORT**

Chief Financial Officer, Tom Beamon reported on the month ending January 2022. Highlights included a higher revenue than budgeted due to the colder weather, but higher

expenses predominantly due to the ODEC energy rate increase that went into effect on January 1, 2022.

Upcoming events include the 2022 Financial Audit that is currently in process and the Strategic Planning meeting that is scheduled for March 25.

### **SPECIAL PROJECTS & INNOVATION REPORT**

Vice President of Special Projects and Innovation, David Shapley's report included an update on improving performance of the Bruce Henry Solar 1 farm for the month of January. He also provided an update on DEC's new solar project developments and meetings with DelDot at the Lewes Terminal to discuss DART EV bus charging.

Vice President Shapley presented proposed revisions to the Residential Load Management Rider Schedule R-LM addressing legacy power line carrier load management switches. The Board approved the tariff change as presented.

### **ENGINEERING REPORT**

Vice President, Troy Dickerson, reported that new service, work requests and jobs engineered are down slightly for the month year-over-year but that the metering department's work has picked up from last year. Only about 6,600 PLC meters remain to be changed out. He also updated the Board on the construction of the Dorey substation, as well as cost and lead time of transformers and other supplies.

### **OPERATIONS REPORT**

Vice President of Operations, Jesse Spampinato, presented the Operations Report to the Board which included a description of one outage event and a continued high level of system reliability. Daily construction (work orders completed) was reported at 95% year-to-date and that 2022 construction work projects were on target.

## **TECHNOLOGY REPORT**

CIO, Dwayne Street reported on critical infrastructure information and that effective March 23, DEC employees will have new rules for their passwords. He also reported on university engagement strategy's mission statement, career fairs and a three-year plan for potential new employees and interns.

## **MEMBER SERVICES REPORT**

Vice President, Rob Book shared information about the successful career fairs at local universities, discussions with the National Energy Foundation (NEF) program and the 2022 Youth Tour.

He also reported that payment processors and MSRs are planning to be cross-trained to do both roles when needed. He reminded the Board of future dates which include the DEC Member Committee meeting on April 14th, the Delaware State Fair in July, and the DEC Annual Meeting in August.

## **AUDIT COMMITTEE REPORT**

Director Laura Phillips gave an update on the Audit Committee meeting which took place earlier today which included a meeting with auditors on the DEC 2021 Financial Audit. The final audit report is scheduled to be reviewed with the Audit Committee on April 18<sup>th</sup>.

## **ODEC REPORT**

Director Mike Brown shared January 2022 statistics for loads, generation performance vs. budget and energy supplied by resource. He also shared the March rate analysis, market forecast and Board action which included a \$2.32/kwh increase in energy rates effective May 1.

Director Brown also mentioned the ODEC course being held July 18 – 19 entitled "PJM 101" taking place in Short Pump, VA.

**NRECA REPORT**

Director Hunter Emory reported he was one of ten new board members elected to the NRECA Board. He also provided an update on the PowerXChange conference and the presentations made by DEC employees at Tech Advantage.

**VMD REPORT**

Director Pat Dorey reported on upcoming association events including the Spring Round-up Director Training on April 14 – 15, Board Strategic Planning on April 25 and the Gaff n’ Go Lineman Rodeo being held on May 13 – 14.

**OTHER BUSINESS**

President Starheim asked that the April 18 Board meeting begin at 9:00 am instead of 10:00 am so that staff could travel to attend meetings in North Carolina the next day. The Board agreed to have the meeting begin 1 hour earlier. The Audit Committee will also meet that day with the auditors beginning at 8:00 am.

**ADJOURNMENT**

Having no other business to come before the Board and no need for an executive session, the meeting was adjourned at 4:00 pm.

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Secretary

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Chairwoman