

WASHINGTON ELECTRIC COOPERATIVE, INC.
REGULAR MEETING OF THE BOARD OF DIRECTORS

October 27, 2021

The regular meeting of the Board of Directors, conducted in person and via video teleconference, was called to order at 4:01 p.m. by President Stephen Knowlton. The following Board directors were in attendance:

Barry Bernstein	Roger Fox	Anne Reed
Donald Douglas	Jean Hamilton	Richard Rubin
Steven Farnham	Stephen Knowlton	Mary Just Skinner (joined 4:19 p.m.)

Also present were incoming General Manager Louis Porter; Attorney Ron Shems of the law firm Tarrant, Gillies, Richardson, & Shems, the Cooperative's legal counsel; Director of Engineering & Operations Dave Kresock; Director of Products & Services Bill Powell (joined 4:06 p.m.); and Administrative Assistant Rosie Casciero. Mr. Kresock, Mr. Powell, and Ms. Casciero left at 6:15 p.m. Directors Hamilton and Skinner and Mr. Powell attended remotely.

ADDITIONAL AGENDA ITEMS

President Knowlton stated that the agenda should be amended to include the selection of a new director to hold the Vermont seat on the Board of the National Rural Electric Cooperative Association (NRECA), an update from Attorney Shems on SHEI transmission constraint impacts, a bylaw amendment proposal from Director Fox, and the adoption of a resolution honoring former Assistant Director of Finance Linda Nelson.

APPROVAL OF CONSENT AGENDA

The consent agenda included the minutes of the regular Board meeting held September 29, 2021.

There being no corrections or comments, President Knowlton declared the minutes of the regular meeting held September 29, 2021, approved.

PRESIDENT'S REPORT

President Knowlton reminded the Board that Louis Porter would begin his tenure as WEC's General Manager on Monday, November 1, 2021. Additionally, he noted points of general housekeeping and decorum salient to the Board.

President Knowlton also offered comments on the strategic planning and governance training in which the Board participated, stating that the opportunity for staff and directors to communicate ideas, concerns, and plans for the future was beneficial. Mr. Porter added that, in accordance with what was discussed in the training, staff would review the strategic plan and goals before reporting a concrete action plan to the Board within six months of the training.

VT TRANSCO EQUITY CALL 2021

On a motion by Director Rubin, seconded by Director Reed, the Board voted without opposition to approve the 2021 VT Transco LLC equity call in the amount of \$645,060, as well as WEC's share of any oversubscription up to \$10,000, and to authorize the General Manager to execute necessary agreements.

WINTER ENERGY POSITION HEDGE

The Board discussed the proposed winter energy hedge the Vermont Public Power Supply Authority (VPPSA) would administer on WEC's behalf and its particulars, including associated costs and responsibilities. Director Farnham suggested that, as the hedge has been brought to the Board for approval since 2016 and falls within normal operations, it should simply be pursued by management. President Knowlton noted that a policy addressing the winter energy hedge would be beneficial. Mr. Porter reassured the Board, that in his capacity as General Manager, he would assess and report on the ongoing relationship between WEC and VPPSA.

On a motion by Director Douglas, seconded by Director Rubin, the Board voted without opposition to authorize the General Manager to work with VPPSA to enter energy hedge contracts for December, January, and February using a hedge plan that targets a 95% to 105% coverage ratio.

2022 BOARD CALENDAR

The Board reviewed the updates to the 2022 calendar of Board and committee meetings at staff's request.

On a motion by Director Rubin, seconded by President Knowlton, the Board voted without opposition to accept the 2022 calendar of Board and committee meetings.

OPERATIONS STAFFING UPDATE

Mr. Kresock apprised the Board of hiring efforts in Operations, stating that two 1st class lineworkers and three apprentice lineworkers have been invited to an interview with Mr. Porter after his official start as General Manager. While four positions are open, Mr. Kresock hopes that a fifth will be made available to further bolster line crew numbers. Director Rubin reiterated his request that staff should make all reasonable efforts to seek out and hire diverse applicants, with particular attention paid to people of color and women. President Knowlton noted that General Manager Richards has spoken to this issue in the past, and Mr. Porter concurred that staff will work to address it going forward.

PROPOSED RATE INCREASE UPDATE

Director Douglas, in his capacity as Chair of the Finance, Administration and Power Planning (FAPP) Committee, presented General Manager Richards' and the Committee's findings related to a potential rate increase. The Committee suggested that a rate increase for 2022 might not be necessary. High revenue from power sales, lower payrolls due to vacancies, stable power supply costs, and REC sales revenues informed the recommendation. On the last point in particular, Director Douglas reported that waiting to sell some RECs would shift that revenue into 2022.

Director Rubin requested that the FAPP Committee explain its process for rate increase predictions and recommendations, specifically how September's recommendation could now be reversed. It was noted that the lack of availability of the historical knowledge former Director of Finance and Administration Cheryl Willette held, as well as the typical meetings between her and Director Douglas to assess the budget, contributed to the dramatic turnaround in recommendations related to the need for a rate increase.

OPERATING BUDGET UPDATE

Director Douglas provided a brief overview of the FAPP Committee's suggestions for a pro forma budget, which would entail projecting several scenarios through inflation percentage assumptions and consultation with CFC on resultant financial ratios. The General Manager would subsequently propose adjustments to the budget as needed.

On a motion by Director Bernstein, seconded by Director Douglas, the Board voted without opposition to support development of a 2022 operating budget based on the 2021 budget to meet or exceed lenders' requirements. President Knowlton abstained.

MANAGER'S REPORT

Director Reed noted several inconsistencies in the Coventry generation report, for which Mr. Kresock and Director Bernstein provided explanations consistent with the information presented in staff's reports. Director Reed's concern was that Coventry was not meeting the projected expectations for generation. Other inquiries involved the number of new service connections, and monthly power purchase statistics.

SHEI TRANSMISSION REGION GENERATION IMPACT FEE

Attorney Shems updated the Board on the Public Utility Commission's (PUC) regulatory stance on compensating WEC, VEC, and GMP for transmission congestion costs from new solar generation projects in northeastern Vermont. The Board voiced significant concerns as to whether the proposed impact fee was realistic and fair to WEC's members, and how the PUC may rule in the future.

Director Hamilton requested further discussion of WEC's public stance on net-metered generation and renewable generation in general. The Board agreed that time would be allotted on the monthly agenda for this purpose.

NRECA VERMONT DIRECTOR

With Director Bernstein's term as Vermont's NRECA Board member ending, he asked the Board to discuss Vermont's representation on the NRECA Board. Historically, WEC and VEC have alternated who will hold the position, and VEC put forward four people whom they thought may want to serve. However, Director Bernstein's term as Vermont director will end halfway through WEC's eight-year tenure. WEC, therefore, is at liberty to replace Director Bernstein with another director of its choice before VEC has its next turn. Director Douglas indicated that he is interested in succeeding Director Bernstein as Vermont's NRECA director.

Director Fox noted that it may be prudent to select a younger candidate who is both committed and energetic; they could then best uphold Vermont's interests with regards to renewable energy and environmental issues. He also argued that the representative selected could encourage the NRECA Board to take a more responsible and firmer stance on environmental stewardship.

On a motion by Director Rubin, seconded by Director Farnham, the Board voted to support Director Douglas as the Vermont representative on the NRECA Board for the remaining four years of WEC's tenure. Director Fox opposed the motion on procedural grounds.

BYLAW AMENDMENT PROPOSAL

Director Fox requested that the Board consider a bylaw amendment that would allow for online balloting for membership voting. He agreed to speak with Attorney Shems on the matter, and to discuss it at the November Policy Committee meeting.

RESOLUTION HONORING FORMER EMPLOYEE

President Knowlton proposed that the Board adopt a resolution honoring former Assistant Director of Finance and Administration Linda Nelson, who served for thirty-eight years as an integral part of the Co-op. He further suggested that, as WEC is such a small organization, any long-serving employees who retire or leave the Co-op should be honored with a resolution. Director Rubin added that WEC should provide Ms. Nelson with a reasonable monetary gift, as done previously for other former employees.

On a motion by Director Rubin, seconded by Director Farnham, the Board voted to adopt a resolution honoring former Assistant Director of Finance and Administration Linda Nelson.

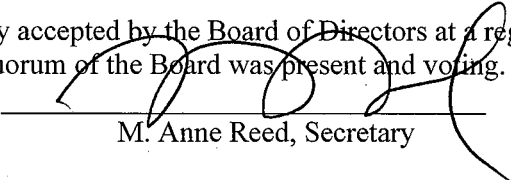
EXECUTIVE SESSION

The Board entered Executive Session at 6:15 p.m. to discuss staffing matters and the fiber broadband project status.

There being no further essential business to discuss, the meeting was adjourned at 6:35 p.m.

M. Anne Reed, Secretary

The foregoing record of the minutes was duly accepted by the Board of Directors at a regular meeting held on December 1, 2021, at which meeting a quorum of the Board was present and voting.



M. Anne Reed, Secretary