

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

March 29, 2023

The regular meeting of the Board of Directors, conducted in person and via video teleconference, was called to order at 4:10 p.m. by President Stephen Knowlton. The following Board members were in attendance:

Susan Alexander	Steven Farnham	Stephen Knowlton
Betsy Allen	Roger Fox	Richard Rubin
Don Douglas	Jean Hamilton	Mary Just Skinner

Also present were General Manager Louis Porter; Attorney Ron Shems of the law firm Tarrant, Gillies, & Shems, the Cooperative's legal counsel; Director of Engineering & Operations (E&O) Dave Kresock; Director of Finance & Administration (F&A) Teia Greenslit; Director of Products & Services Bill Powell; Member Services Supervisor Susan Golden; and Administrative Assistant Rosie Casciero. Directors Allen, Douglas, Fox, and Hamilton; and Mr. Powell attended remotely. All other participants attended in person. Director Fox arrived at 4:20 pm.

CONSENT AGENDA

The consent agenda included the minutes of the February 22, 2023, regular Board meeting and the March 15, 2023, special meeting.

President Knowlton declared the minutes of the February 22, 2023, regular Board meeting, with a minor correction, and the March 15, 2023, special meeting approved.

CAPITAL CREDITS PROCESS

General Manager Porter and Administrative Assistant Casciero provided the Board with an overview of proposed changes to the capital credit retirement process: (1) imposing a \$15 service charge on inactive accounts of former members with unclaimed retired capital credits; and (2), at the request of estate executor(s) or rightful heir(s), retiring the unretired capital credits in estate accounts in a lump sum, discounted appropriately according to their present value, as well as paying any unclaimed capital credits. A ceiling to the total amount thus disbursed to estates each year will be set by the Board of Directors. These amendments to the capital credit process are consistent with existing WEC Bylaws, and require no change in same. Attorney Shems noted that National Rural Electric Cooperative Association (NRECA) guidance and the State of Vermont's Unclaimed Property Act both allow for the possibility of collecting dormancy fees, and that it is common practice for co-ops to impose service charges and retire estates in full. President Knowlton requested that the Finance, Administration, and Power Planning (FAPP) Committee review the changes in the proposed process and eventually incorporate them into a policy to document WEC's capital credit allocation and retirement procedure.

On a motion by Director Rubin and seconded by Director Farnham, the Board voted in favor of the proposal to impose an annual \$15 service charge on accounts with retired and payable capital credits that are unclaimed. The vote was 8-0 with one abstention.

On a motion by Director Skinner and seconded by Director Alexander, the Board voted in favor of supporting the proposal to allow discounted premature retirements of all capital credits to estates of deceased former members. The vote was 7-1 with one abstention.

QUARTERLY FINANCIALS REPORT – QUARTER 4, 2022

Director of F&A Greenslit reviewed for the Board the Co-op's financial statements for the quarter ending December 31, 2022. She stated that WEC experienced an unprecedented increase in purchase power costs in the first quarter of 2022. The added recovery costs from two late December storms resulted in expenses that exceeded WEC's 2022 budgeted amounts. Winter Storm Elliott was declared a FEMA disaster event on March 20, 2023, and WEC booked a receivable entry for the anticipated costs to be reimbursed by FEMA, possibly amounting to about 60 percent of WEC's storm-related expenses during that event. As a result, concern that WEC would not meet its 2022 lender covenants was alleviated. WEC will consider applying for mitigation funds from FEMA that would be used to improve resilience in areas of the system that have historically experienced frequent or severe damage during storm events.

The Board also discussed the variability of the Renewable Energy Certificate (REC) market and its impact on WEC's finances.

2022 ANNUAL MEETING MINUTES – DRAFT

The Board reviewed the draft of the minutes for the 2022 Annual Membership Meeting, held May 5, 2022. Directors provided comments and edits to the document for it to be approved by the membership at the 2023 Annual Meeting.

GENERAL MANAGER'S REPORT

Coventry

Mr. Porter updated the Board on the work recently completed at the Coventry plant, which necessitated the plant to be inactive for two days. A fifth blower to deliver gas to the plant, as well as two valves, were installed to aid in managing gas flow and power production.

Rate Increase Update

Mr. Porter stated that no further word has come on WEC's rate case, which is pending before the Public Utility Commission (PUC). The Department of Public Service (DPS) is supporting a 12.83 percent increase in WEC rates. Attorney Shems reminded the Board that the PUC suggested that the DPS' suggested 12.8 percent increase should instead be 12.7 percent.

Legislature

Clean Heat Standard: Mr. Porter reported that the Clean Heat Standard bill recently passed the Vermont Senate, with an added provision that will bring the results of the PUC/DPS work back to the Legislature for their consideration before any rules are put into effect.

Purchase of Renewables: He elaborated on his February update, stating that the trade organization Renewable Energy Vermont (REV) favored a proposed bill to increase the amount of new in-state renewable energy that must be provided by Vermont electric utilities. He noted that it is expected that at least one branch of the Legislature will consider the bill in the 2023 session. Mr. Porter suggested that WEC should support the alternate proposal that all Vermont utilities must become 100 percent renewable by 2030.

GRIP – Grid Resilience and Innovation Partnership program

WEC is a participant in two federal grant proposals to the federal Department of Energy's GRIP program. The first, headed by VPPSA, would deploy battery storage systems at utility substations or other locations. The other, advanced by all the utilities in the state and the DPS, would be a larger scale battery storage proposal covering regular duration storage at utilities but potentially also transmission or distribution long-duration storage and customer scale storage solutions.

March Storm

Mr. Porter reviewed the Co-op's response to the storm that occurred over the week of March 12, 2023, noting that the distribution of damage to electrical utility systems throughout the state

was nearly identical to that of Winter Storm Elliott, with most damage occurring in southern Vermont. WEC had nearly 3,500 members out at peak but was able to restore power by the end of the workday on March 15. WEC was also able to send multiple crews in mutual aid to Green Mountain Power (GMP) because they experienced outages through March 18.

Hydro-Quebec Power

Mr. Porter updated the Board on the proposed plan to access up to 2MW of power from Hydro-Quebec via WEC's current contract. WEC has contractually permitted Vermont Electric Cooperative (VEC) to use that power unless WEC requires it to maintain its 100 percent renewable energy portfolio, and WEC has initiated the process to reclaim access to some of that power. The Board discussed the social and environmental concerns associated with the power generated by Hydro-Quebec. Attorney Shems stated that the Board had already voted in favor of the contract with Hydro-Quebec in the last decade.

The Board also discussed the diversification of WEC's power supply and the impacts of intermittent renewable resources on the Cooperative's ability to reliably provide power to its members.

President Knowlton tasked the FAPP Committee with reviewing the proposed acquisition of power from Hydro-Quebec prior to the April Board meeting, at which point the Board may be asked to approve taking back a portion of the Hydro-Quebec power it currently "sleeves" to VEC.

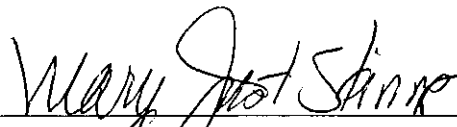
LETTER TO THE BOARD

The Board briefly discussed a letter submitted to all directors regarding WEC's performance during Winter Storm Elliott, its infrastructure's resilience in the face of increasingly frequent and powerful storms, and its viability as a small electric co-op.

There being no further essential business to discuss, the meeting was adjourned at 6:10 p.m.

Mary Just Skinner, Secretary

The foregoing record of the minutes was duly accepted by the Board of Directors at a regular meeting held on May 31, 2023, at which meeting a quorum of the Board was present and voting.



Mary Just Skinner, Secretary