

REA ENERGY COOPERATIVE, INC.
SUMMARY of MINUTES OF REGULAR BOARD MEETING
January 25, 2022

The regular meeting of the Board of Directors of REA Energy Cooperative, Inc. (the “Cooperative”) was held Tuesday, January 25, 2022, via teleconference and via Zoom. A few employees and two Directors attended in-person in the Boardroom at the Cooperative’s headquarters office located at 75 Airport Road in Indiana, Pennsylvania.

Call to Order

Board Chairman called the meeting to order at 5:22 p.m. A Director gave the invocation and led the Board in the Pledge of Allegiance.

Roll Call

All Board of Directors were present including the Cooperative’s President & CEO, the Cooperative’s attorney, Network and Systems Manager and Executive Assistant.

Reading of Cooperative’s Core Values

The Cooperative’s President & CEO read aloud number one of the Cooperative’s Core Values.

Approval of Minutes

A motion was made and seconded to approve the minutes of the December 14, 2021 regular Board meeting. Motion carried.

Additions to Agenda

There were no additions to the Agenda.

New Business

Budget Update / Change

The Cooperative's President & CEO announced the amount for vehicle costs was lowered on the Budget because the Digger Derrick truck ordered for this year will not be available until 2023. Although there will be a year-long delay for delivery, the price for the Digger Derrick will be held. The Cooperative's President & CEO also told the Board there are two Ford F-150s with mechanical troubles. Those will be replaced by two Ford Rangers. He spoke about supply issues and the difficulty of finding new vehicles that are available now. He answered questions from the Board.

NRECA PowerXchange & Annual Meeting Attendees

The Cooperative's President & CEO spoke about the NRECA PowerXchange and Annual Meeting. He told the Board a third Director requested to attend. According to policy, when there are more than two Directors traveling out of state, approval from the Board is needed.

A motion was made and seconded to approve the third Director to attend the NRECA PowerXchange in Nashville. Motion carried.

Condemnation Washington Substation

The Cooperative's President & CEO reviewed information about a Substation rebuild. There is need for more space at the substation and the owner of the adjacent property is asking for a very large sum of money. The Cooperative's President & CEO will talk with the property owner and try to negotiate a lower price. If they don't want to negotiate, condemnation proceedings may be needed. The Cooperative's attorney explained the condemnation process and costs. The Cooperative's President & CEO and the attorney answered questions from the Board of Directors.

A motion was made and seconded to approve the condemnation process if negotiations aren't successful. Motion carried.

NISC Update

The Cooperative's President & CEO announced the change over to the NISC system started last week. He is happy with the initial start. Major changes will take place in August. There will be weekly meetings with staff to help with the transition.

Legal Update

The Cooperative's attorney told the Board a Right-of-Way issue with a lumber company is concluded. All necessary documents are signed. He is still working on another case that is in Westmoreland County. The secretary for the judge said a decision should be made any day now. Lastly, the Cooperative's attorney has been working on revisions to an agreement dealing with broadband. He will keep the Cooperative's President & CEO and the Board up to date. He answered a few questions.

President & CEO Report

The Cooperative's President & CEO told the Board about recent retirements and one more upcoming retirement at the end of April. He will be looking for a new staking engineer and purchasing assistant. Another engineer may be hired to assist in the Engineering department.

The Cooperative continues to work through issues with the supply chain delays. Besides delays with new trucks for the line department, parts to make repairs to vehicles has been difficult. Transformer inventory has been a problem also. One order that was placed in December 2020 just arrived this week.

Discussion of future rate increases, for the transmission part of the wholesale power bill, was held. The Cooperative will do their best to educate the members. The Cooperative's President & CEO spoke about the increase in Covid cases at both the Indiana and Ebensburg offices. He answered questions about protocols the Cooperative is following for Covid.

White Township is waiting on one more permit to schedule the sewage line project. They think it will begin this summer. The Policy Committee will schedule a date to meet to review some policies. Lastly, the Cooperative's President & CEO answered questions about the new meter installation. The 4-year project is scheduled to start the first or second week of March.

The Cooperative's Network and Systems Manager was dismissed from the meeting at 5:57 p.m.

Executive Session

Board Chairman called for an Executive Session at 5:57 p.m.

A motion was made and seconded to go into Executive Session. Motion carried.

A motion was made and seconded to come out of Executive Session. Motion carried.

Executive Session ended at 6:03 p.m.

Continuing Business

Memberships

A motion was made and seconded to accept 85 new members for the month of December 2021. Motion carried.

Secretary/Treasurer Report

The Secretary/Treasurer's Report was reviewed.

Transmission and Generation Discussion

The Cooperative's President & CEO spoke about the CEO & Allegheny Meeting and the announcement of a 30 million dollar increase in costs. He gave a detailed explanation on why there will be this increase and that will affect rates at the Cooperative. He talked about generation, transmission and distribution. The Cooperative's kilowatt performance will dictate how costs will be allocated. Our High 5 Peak demands will determine the allocated transmission charges among the Pennsylvania Electric Cooperatives.

A communications effort will take place for members, to educate them before transmission costs go up. Other electric utility customers will also see an increase in their electric bills. These higher costs will be going up yearly. The Cooperative's President & CEO wants to make it clear that this rate change is not on REA Energy or Allegheny's part, but from the transmission side of our industry. He spoke with Allegheny about making our power supplier more accountable with better reliability now that they are increasing costs. Discussion continued and the Cooperative's President & CEO answered questions from the Board of Directors.

Reports

The following were reviewed by the Board of Directors:

PREA Report

A Board of Director spoke about the January 20th PREA meeting. It was held via Zoom. PREA/Allegheny President & CEO Frank Betley announced his retirement. He will

retire in July 2022. Other topics were discussed and dates of upcoming meetings were announced.

Allegheny Electric Cooperative Report

Another Director spoke about the increase in residential solar power installations. He also talked about Committee assignments, the Nuclear Decommissioning Trust Fund and a pre-audit report. Dates of upcoming Allegheny meetings were announced.

The Board heard and discussed various business and activity reports.

A motion was made and seconded to approve the Summary minutes of November 23, 2021 Board meeting. Motion carried.

A motion was made and seconded to approve the reports as presented. Motion carried.

Miscellaneous

The following were reviewed by the Board of Directors:

NISC Membership Certificate
Board Complaint

Adjourn

A motion was made and seconded to adjourn the meeting. Motion carried.

Board Chairman adjourned the meeting at 6:29 p.m.