

NORTHERN VIRGINIA ELECTRIC COOPERATIVE
2020 ANNUAL MEETING MINUTES
October 14, 2020

Northern Virginia Electric Cooperative, NOVEC, held its annual meeting on Wednesday, October 14, 2020, at NOVEC's Gainesville Technical Center, 5399 Wellington Branch Drive, Gainesville, VA 20155.

OPENING REMARKS: 'CELEBRATING YOUR CO-OP'

Lisa Hooker, vice president, public relations, welcomed everyone and said the COVID-19 virus has brought significant changes to this year's annual meeting. Ms. Hooker thanked everyone for adhering to the Centers for Disease Control and Prevention (CDC) guidelines. She led the audience in the Pledge of Allegiance.

CALL TO ORDER

Dexter Odin, the NOVEC Board of Directors' legal counsel, called the business meeting to order at 6:00 p.m.

QUORUM, LEGAL NOTICE, AND APPROVAL OF THE 2019 MINUTES

Mr. Odin explained the meeting's legal requirements:

- In accordance with the bylaws, NOVEC sent a notice of the meeting to Cooperative members.
- The bylaws require a 2.5% quorum of members -- or 3,882 out of a total membership of 155,292 -- to participate in person or by proxy. Mr. Odin reported that the 46 members (not including family members) in attendance and 8,378 members who voted by proxy met the quorum requirement.
- Members received the 2019 annual meeting minutes for their review.
Mr. Odin asked for a motion to dispense with reading the minutes. After hearing the motion and a second, Mr. Odin called for a vote to approve the minutes. Members approved the 2019 annual meeting minutes by voice vote.

ELECTION OF BOARD DIRECTORS

Mr. Odin introduced Kelly Novotny, chairwoman of the Board Evaluation Committee. Ms. Novotny said the committee evaluated Wade House for district 5, Michelle Baker, Mark Bruno, Mary Finnigan, Glenn Hourahan, Chris Myers, and John Obremski for district 4. Ms. Novotny stated the Evaluation Committee found each candidate well qualified to serve on the board of directors.

NOVEC BOARD OF DIRECTORS CHAIRMAN WADE HOUSE:

- Welcomed everyone to the scaled down annual meeting. He said the pandemic made 2020 a challenging year. NOVEC's Leadership team changed the work environment based on CDC guidelines to make sure employees were safe. Mr. House thanked the staff for doing an outstanding job. COVID-19 also caused the Co-op to delay the annual meeting until October.
- Said the Cooperative is in good financial condition with assets approaching \$1 billion.
- Stated NOVEC was in a disconnection moratorium due to the pandemic.
- Thanked members who responded to the J.D. Power survey.
- Thanked President/CEO Stan Feuerberg and all employees for their dedication, hard work, and sound business decision making.

PRESIDENT/CEO STAN FEUERBERG SAID NOVEC:

- Is a not-for-profit business and provides financial benefits to members — its owners — when the Cooperative succeeds.

- Serves more than 651 square miles in six Northern Virginia counties, the City of Manassas Park, and the Town of Clifton.
- Has 62 substations.
- Set a peak load-demand record of 1,276 megawatts in August; has more load than some small states.
- Has more than 175,000 meters on the system, as of August.
- Provides reliable service at competitive prices with 335 employees.
- Has participated in the J.D. Power customer satisfaction survey for the last 20 years: Ranked No. 1 in 2019 in Virginia and the entire mid-Atlantic region.
- Operates six offices in its service territory, including the \$10 million Loudoun Service Center, which opened in 2018.

Growing Demand

- Upgraded 23 miles of electric line installed in the 1960s and 1970s.
- Added 84 miles of electric line, mostly underground. Currently has 7,500 miles of line and cable.
- Completed one new substation with two more under construction.
- Currently has a 333-mile fiber-optic network, which securely links 58 substations to the System Control Center. NOVEC was the first of the 13 electric cooperatives in Virginia to go from microwave communications to a fiber-optic system.

Renewable Energy

- Entered into an agreement in 2019 to purchase 300 megawatts of solar power at a fixed price for 30 years, starting in 2023. When completed, solar will be NOVEC's largest renewable resource.
- Purchases the solar output from the Fauquier County Livestock Exchange and residential solar panels.
- Provides enough renewable energy from its Halifax County biomass plant to power 16,000 homes.
- Purchases all the electricity generated at the Prince William County Landfill, fueled by gas emitting from decaying trash.

More Power, Less Cost

- Has not increased base rates since 1991. Members have been paying less for electricity since 2009, when the Power Supply Team assumed full internal responsibility for purchasing power. The team's power purchasing allowed NOVEC to lower residential customers' rates by 4.5 percent in 2011.
- Has given a Power Cost Adjustment (PCA) credit on customers' bills since 2012. The estimated savings in 2020 savings is \$52.4 million — about \$16.51 a month for the average customer.
- Returned more than \$4.23 million to former and current customers in CashBack in 2019 — more than \$309 million since 2000.

Affiliated Companies

- Has affiliated companies (subsidiaries) — NOVEC Solutions, NOVEC Energy Solutions, and NOVEC Energy Production. Profits from these companies reduce electric bills for all NOVEC customers.
- NOVEC Solutions offers wide-area, fiber-optic transport services; electric and natural gas water heaters; home-protection services; residential solar-energy systems; and backup generators. For its fiber-optic network, NOVEC Solutions acquired a patent in the U.S. and 24 foreign countries for the NS ONE-net, which allows data to travel over one optical fiber simultaneously in both directions. Before the NS ONE-net, data traveled in only one direction and required a pair of fibers. NOVEC Solutions' principal network architect, Marvin Ward, invented and patented the technology.
- NOVEC Energy Solutions sells natural gas to approximately 18,000 customers.

Safety

- Implemented CDC protocols and followed CDC guidelines throughout the company because of COVID-19.
- Relocated work areas, provided alternative work schedules, and implemented teleworking for approximately 150 employees.

Community Support

- Mr. Feuerberg encouraged members to participate in Operation Round Up®, which rounds up participants’ electric bills to the nearest dollar to help less fortunate people power their homes. Nearly 18,000 members participating in Operation Round Up gave \$58,000 in 2019. The average contribution per participant annually is \$6.
- Hands Engaged in Local Public Service (NOVEC HELPS), a group of employees who volunteer in the community, raised thousands of dollars in the past year and donated it to nonprofit charitable, health, youth, and educational organizations.

Financial Performance

- Had \$990 million in assets at the end of 2019 and is on track to have more than \$1 billion in system assets by the end of 2020.
- Only borrows when necessary because borrowing money puts upward pressure on rates. NOVEC does everything it can to pay down debt and pay cash, which allows it to take advantage of new business opportunities. NOVEC has not borrowed money for distribution construction since 1997.
- Earned an AA- credit rating from Fitch — the highest credit rating of any electric utility under the Virginia State Corporate Commission.
- Pays 82.11% of every dollar it spends on power supply.

BOARD OF DIRECTORS ELECTION RESULTS

After voting ended at 7 p.m. and votes were counted, Mr. Odin reported that Mark J. Bruno had been elected to represent district 4 on the board and Wade House was reelected to represent district 5.

ADJOURNMENT

Mr. Odin called for a motion to adjourn. Members made a motion, seconded it, and approved it by voice vote.

The meeting adjourned at 7:30 p.m.

Wade House
Chairman

Attest: Michael E. Reyer
Secretary

Date: 10/20/2021