



P.O. BOX 430, Denton, MD 21629
Toll-Free: 1-877-892-0001
www.choptankelectric.coop

Notice of Special Meeting on Member Regulation

May 15, 2020

Dear Choptank Electric Cooperative Member:

Your Cooperative has embarked on an initiative to become Member Regulated in order to deliver broadband to members. A special meeting of the members to vote on this initiative will be held on Thursday, August 13, 2020, immediately following the Annual Meeting that begins at 6:00pm at the Wicomico Youth and Civic Center at 500 Glenn Avenue in Salisbury.

Enclosed please find your **OFFICIAL BALLOT** to vote on the question of whether to operate Choptank Electric Cooperative as a Member Regulated Cooperative, which is described in more detail below. You may vote by mail, online, on SmartHub or in-person.

Currently, we are regulated by the Maryland Public Service Commission and governed by our democratically-elected Board of Directors. This is essentially duplicate regulation that is costly and limits our reaction time to changes that could be beneficial to our membership.

Member Regulation is the form of regulation for 83 percent of the 850 electric cooperatives nationwide. Pursuant to the **Rural Broadband for the Eastern Shore Act of 2020**, which passed unanimously in both chambers of the Maryland General Assembly in March, our Cooperative is authorized to hold a vote of members on the question of whether to exempt the Cooperative from Public Service Commission regulation.

Should our membership vote for Member Regulation, the Board of Directors and Management will continue to operate the Cooperative in a manner consistent with the best interests of the member-owners. We will also move forward with plans to deploy broadband.

Our plan is to deliver last-mile fiber-to-the-home with up to gigabit-per-second speed to members across our territory, including the most rural areas on the Shore. We **will not** raise electric rates to cover broadband expenses.

Our broadband plan requires an economy-of-scale that is only possible for us as a Member-Regulated Cooperative. This means decisions about future electric rates, infrastructure buildout, smart grid and broadband business strategy would be debated by the elected Board members and decided with input from our members.

We live and work in your communities. Many of us are involved in family businesses that have been on the Eastern Shore for generations. We have the same concern for responsible spending. And, we share your desire to finally connect to the world through broadband.

As we move forward, we pledge to maintain the reputation that Choptank Electric has earned as a trusted community partner for over 80 years. Specifically, we pledge to work with you - our members - on rate plans and infrastructure needs on both the electric and broadband sides of

our business. We pledge to protect electric customers from subsidizing the new broadband business. We pledge to seek state and federal grants to bring down the cost of broadband to all members.

Member Regulation will save the Cooperative an estimated \$500,000 annually. This includes a \$300,000 annual assessment from the Public Service Commission and an average annual cost of \$200,000 in additional expenses incurred in addressing specific issues and cases before the Commission.

Multiple regional forums for members to discuss the Member Regulation vote will be held. Two forums are currently scheduled from 7:00pm to 8:30pm as follows:

Wednesday, June 10th

Choptank Electric Cooperative
Denton District Office
24820 Meeting House Rd.
Denton, MD 21629

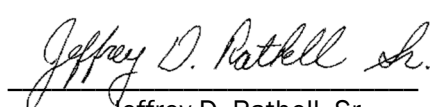
Thursday, June 11th

Choptank Electric Cooperative
Regional Service Center
6520 Walston Switch Rd.
Salisbury, MD 21804

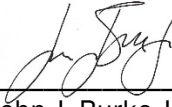
Please check our website for changes due to the COVID-19 emergency response. Additional meetings, online and call-in forums will be posted as they are scheduled.

Member Regulation gives more accountability to the Cooperative member-owner, more flexibility in rate and policymaking, direct economic savings, preserves the Cooperative business model and eliminates duplicative regulation. Your Board of Directors recommends that you vote **YES** for Member Regulation.

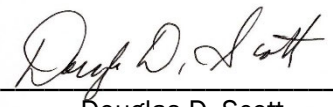
Sincerely,



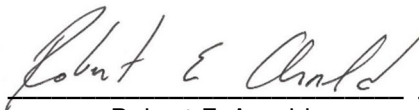
Jeffrey D. Rathell, Sr.
Chairman



John J. Burke Jr.
Vice Chairman



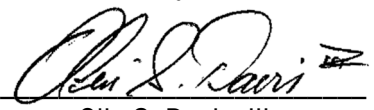
Douglas D. Scott
Secretary - Treasurer



Robert E. Arnold
Board Member



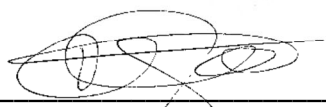
Amy Ireland Brandt
Board Member



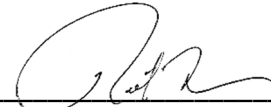
Olin S. Davis, III
Board Member



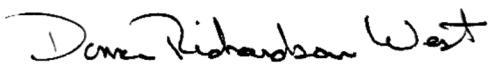
Matthew B. Holloway
Board Member



Craig N. Mathies, Sr.
Board Member



Robert B. Thompson
Board Member



Donna R. West
Board Member