Pursuant to proper notice duly provided to all Directors, the regular meeting of the Directors of the New Hampshire Electric Cooperative, Inc. (NHEC) was held April 26, 2016, at the Cooperative’s Pemi Board Room in Plymouth, NH.

Directors present were Joan Aubrey, Charles Braxton, Kenneth Colburn, Sharon Davis, Jerry Hopkins, Joseph Kwasnik, David Talbot, Georgie Thomas, Harry Viens, and Bruce Wiggett. Others present were Steven Camerino, President/CEO; Jim Bakas, VP of Operations & Engineering; Judy Gove, VP of Business & Government Relations; Steve Kaminski, VP of Power Resources & Access; Mark Dean, Attorney; Guy Ford, Corporate Risk and Compliance Executive; Brenda Inman, Financial Services Manager; Tim Ainsworth, Safety Manager; Frank Parks, Safety Administrator; Sharon Yeaton, Executive Services Administrator (recording); and Cooperative members Carolyn Kedersha and Leo Dwyer.

Vice Chair Kwasnik called the meeting to order at 9:40 a.m.

Approval of Minutes and Agenda Review

The minutes of the Board Meeting of March 29, 2016, were reviewed. Upon motion of Mr. Talbot, seconded by Mr. Hopkins it was

VOTED: To adopt the minutes of the March 29, 2016, meeting of the Board of Directors as presented.

Vote for the motion was unanimous.

No changes were made to the agenda.

Safety Moment

Messrs. Braxton and Kwasnik shared a dialogue around precautions to take to avoid tick bites.

Mr. Ainsworth next shared information on ticks and precautions to take to avoid tick bites and Lyme disease and distributed information sheets.

Mr. Wiggett shared person knowledge of the impacts of Lyme disease and the importance of being vigilant.

Messrs. Ainsworth and Parks left the meeting at 9:50 a.m.

Vice Chair Kwasnik introduced members Leo Dwyer and Carolyn Kedersha.

President’s Report

Mr. Camerino presented the President’s Report, reporting on:
Safety, noting that there were no OSHA recordable events or motor vehicle accidents in March. He mentioned the upcoming safety sessions for employees scheduled with Brian Singletary, the Safety Fair scheduled for July, and the surveys Mr. Ainsworth is doing around safety climate.

NHEC’s financial status, indicating that kWh sales continue to be weak, however, bottom line margins are better than budget due to the fact that expenses are below budget year-to-date. Budget projections currently indicate that we should end the year right around budget.

The 2016 Balanced Scorecard (BSC) Success Sharing allocations, first reviewing corrections to the allocation totals for the Internal (29%) and Learning Growth (11%) Perspectives and the individual allocations for minimum, target, and stretch goals to coincide with the change the Board made to increase the allocation for safety. He also reviewed the proposed changes under the Member Perspective, noting that the redesign and launch of the new web site is on the BSC, but was not included on the allocation sheet; the proposal is to split the 10% allocation under “increase value proposition for members” to 5% for the American Customer Satisfaction Index (ACS) and 5% for the redesign and launch of the new web site.

Upon motion of Mr. Talbot, seconded by Mr. Hopkins, it was

VOTED: That the Board of Directors approves the changes to the 2016 BSC Success Sharing allocation as presented.

Vote for the motion was unanimous.

The Department of Energy Quadrennial Energy Review, distributing copies of the agenda and pointing out that Dena DeLucca was invited to be a speaker. She put in a lot of work and did a great job.

The Telephone Town Hall Meeting (TTHM) held on April 21st on the topic of our Demand Response Programs, indicating that it went well and was a good chance to address questions from members.

The idea of a low income solar project funded by charitable contributions, stating that we have engaged the Plymouth Area Renewable Energy Initiative (PAREI) to take the lead on the program.

Mrs. Aubrey mentioned that the Mount Washington Valley Habitat for Humanity is doing solar on a home so maybe we should consider partnering with a Habitat.

Strategic Planning, discussing the culture transformation/leadership training pod kickoff meeting, noting that monthly meetings will be held. He also advised that beginning in May he will start conducting focus group and stakeholder meetings both inside the organization and externally. He welcomed directors to provide him with names of any key constituents they feel he should meet with.

Engineering & Operations Committee

Committee Chair Kwasnik noted that all directors present were in attendance at the Engineering & Operations Committee meeting held prior to the Board meeting. He mentioned that items discussed included a review of the year end results for 2015 capital construction work and
Approved 5/31/16

vegetation management, as well as a look at plans for 2016 and a discussion of the plans to update the current Long Range Plan.

Mrs. Aubrey added that there was a good discussion on safety as well.

**Corporate Services Committee**

Committee Chair Davis called upon Mrs. Inman who discussed the proposed one-month extension of “controlled” rates. She explained that the intention was to be able to switch over the legacy load management accounts to the new Demand Response program by May 1st, however, we experienced some delays in the process and in order to allow enough time to address any member questions we would like a one-month extension. After discussion, it was suggested that in order to allow enough time to address any member questions that may arise it would be best to implement the new rates July 1st instead of June 1st.

Upon motion of Mrs. Aubrey, seconded by Mr. Hopkins, it was

**VOTED:** That the Board of Directors authorizes management to extend the existing controlled rates for the months of May and June with the new demand response rates and incentives going into effect with bills-rendered July 1, 2016.

Vote for the motion was unanimous.

Mrs. Inman next reviewed proposed changes to Section F (Payment Terms) and Section C (Security Deposits) of the Terms & Conditions to introduce Prepaid Metering. She noted that this provides another payment option for members. She also reviewed the proposed fees to be added to the Schedule of Fees and Charges for deposits on new metered installations where no history usage is available.

Upon motion of Mr. Hopkins, seconded by Mrs. Aubrey, it was

**VOTED:** That the Board of Directors authorizes management to make the recommended change to the Terms and Conditions and the Schedule of Fees & Charges related to prepaid metering and deposits to be effective July 1, 2016.

In response to a question about promoting prepaid metering, Mrs. Inman noted that we want to do a soft rollout and the July 1st effective date gives us time to work out the implementation.

Vote for the motion was unanimous.

Mrs. Inman provided an update on service-rendered billing, stating that a lot of work has been done and testing continues, however, with our focus on Demand Response (DR) it is unclear if we will meet our target date of July 1st. She hopes to have more information next month.

Vice Chair Kwasnik mentioned that the timing of a capital credit payout should be discussed in the near future.

Committee Chair Davis agreed, noting that it should take place when Ms. DeLucca is here.
Audit Committee

Committee Chair Thomas drew attention to the draft minutes of the March 29th Audit Committee meeting, Attachment #13 in the Board packet. Upon motion of Mr. Kwasnik, seconded by Mr. Talbot, it was

VOTED: To approve the minutes of the March 29, 2016, Audit Committee meeting as presented.

Vote for the motion was unanimous.

Committee Chair Thomas referred to Attachment #14 in the Board Packet, IRS Form 990, and indicated that this needs the Board’s acceptance. Upon motion of Mrs. Davis, seconded by Mr. Braxton, it was

VOTED: That the Board of Directors accepts NHEC’s IRS Form 990 as amended.

Vote for the motion was unanimous.

Attorney’s Report

Attorney Dean advised that most of his report would need to be in Executive Session to cover regulatory, litigation, and legal strategy issues. He discussed net metering legislation, noting that it is awaiting the Governor’s signature. In response to a question, Attorney Dean advised that this legislation exempts NHEC from net metering requirements going forward, so it has no impact on NHEC’s above the cap net metering program.

Member Solutions Committee

Committee Chair Viens drew attention to the draft minutes of the March 23rd Member Solutions Committee meeting, Attachment #17 in the Board packet. Upon motion of Mrs. Aubrey, seconded by Mr. Braxton, it was

VOTED: To approve the minutes of the March 23, 2016, Member Solution Committee meeting as amended.

Vote for the motion was unanimous.

Committee Chair Viens drew attention to the resolution to appoint ballot counters, Attachment #18 in the Board packet. Upon motion of Mrs. Davis, seconded by Mr. Talbot it was,

RESOLVED, that in accordance with Article III, Section 4, of the New Hampshire Electric Cooperative’s Bylaws the ballots shall be opened and counted on such date and place as designated in the annual meeting notice, by a committee of tellers as appointed herewith: Brenda Inman, Chair; Seth Wheeler, Patti Corbeil, Shauna McNair, Terry Matthews, Robyn Sarette, Darlene Roberts, Doug Bergholm, Eden Lefebrve, Les Small, Phyllis Evans, Edee Murphy, Carole Lyford, Sharon Yeaton, Connie Moren, Lynne Turmel, Sara Thielbar, Karen Hanks, Kathryn Borger and Stacy Toomey.

Vote for the motion was unanimous.
Mrs. Gove provided a legislative update, reporting on meetings the Transmission Access Policy Study Group (TAPS) Legislative Committee had this month in Washington, DC with congressional committee leadership and staff offices as well as the Department of Energy (DOE).

In response to a question, Mr. Kaminski explained how this relates to some of the ongoing Federal Energy Regulatory Commission (FERC) proceedings, noting that it is a continuation of trying to keep the challenge of the ineffectiveness of capacity markets on the table.

Mrs. Gove mentioned the upcoming NRECA Legislative Summit, stating that she is putting together some talking points.

**Power Resources & Access Committee**

Committee Chair Hopkins drew attention to the draft minutes of the March 23rd Power Resources & Access Committee meeting, Attachment #17 in the Board packet. Upon motion of Mr. Braxton, seconded by Mr. Talbot, it was

**VOTED:** To approve the minutes of the March 23, 2016, Power Resources & Access Committee meeting as presented.

Vote for the motion was unanimous.

Committee Chair Hopkins noted that the Clean Renewable Energy Bonds (CREBs) resolution also needs to be addressed. Mr. Kaminski advised that it is related to some discussion we need to have in Executive Session on the Moultonborough Solar Project.

Mr. Kaminski pointed out that both Renewable Portfolio Standards (RPS) and competitive supply graphs were included in the Board packet. He also drew attention to Attachment #9, Report of Power Resources and Access Costs, pointing out the new bar chart that depicts the mark-to-market monthly calculation as it changes over time.

Mr. Kaminski advised that he would provide project updates in Executive Session.

Mr. Kaminski reported on the progress at NEPOOL and ISO on changes to capacity markets and the move to a different demand curve for pricing of capacity for reliability. The ISO proposed a convex curve and a three-year transition from the current straight demand curve to get to the convex curve. The public power group (including NHEC) is trying to decide if it should object further to the modified transition curve about to be filed at FERC on grounds that consumers will be paying for unneeded capacity during the transition period.

Mr. Kaminski reported on the administrative law judge’s decision in the FERC docket related to the Return on Equity for New England Transmission Owners, which concluded that the base ROE should be higher than what the Commission itself recently decided it should be. We, along with other entities representing consumers disagree and will be filing an objection. The question will go to the full Commission to be decided.
Mr. Kaminski reported on the Demand Response (DR) program, discussing the enrollment process and number of enrollments, the TTHM held on April 21st to discuss the program options and address member questions, marketing efforts, and the scheduled delivery of devices for the direct load control program.

Mr. Camerino noted that at some point we will talk to the Board about lessons learned, commenting that there are many facets to a project like this, including vendor management, internal resources, etc. and there is a lot for us to learn.

There was discussion on the enrollment process and information available on the web site, as well as next steps to promote the program to hopefully have an impact on the summer critical peak. Mrs. Inman discussed some of the additional information that has been added to the web site, including a Frequently Asked Questions (FAQ) sheet and the Terms and Conditions, and advised that a focus of the marketing plan will be to target those members with air conditioning. Mr. Kaminski encouraged all directors to go to the gobeyondthepeak.com web site and then share their feedback with staff.

**Board General Session**

**NEAEC Voting Delegate & Alternate**

Vice Chair Kwasnik appointed Bruce Wiggett as the Voting Delegate and Ken Colburn as the alternate for the Northeast Association of Electric Cooperatives Annual Meeting in May.

Vice Chair Kwasnik mentioned that NCSC is holding its annual meeting during the CFC Forum and we will appoint a voting delegate and alternate at the May Board meeting.

**Board Tracking Report**

No changes were made to the Board Tracking Report.

**Committee Meetings**

Committee meetings will be scheduled as needed.

Vice Chair Kwasnik noted that there will be an orientation session for new directors in June.

**NRECA Report**

Mr. Colburn presented the NRECA Report, discussing the recent NRECA Directors Conference and the upcoming NRECA Board meeting. Mrs. Aubrey and Vice Chair Kwasnik also shared comments on the Directors Conference and distributed copies of The Consumer-Centric Utility Model. Mrs. Aubrey mentioned one session that encouraged directors to capture the time they spend on being an engaged director through an app on their iPads throughout the month. She suggested management investigate to see if there is a recommended app for all directors to put on their iPads.

Mr. Colburn discussed the NRECA officer election process and sought advice from NHEC directors on his possibly seeking office, advising that it would be six years before he might be stepping into the President position, but he would reach his term limits as an NHEC director in
five years. The general consensus of directors was encouragement for Mr. Colburn to seek an officer position with NRECA.

**Expense Reports**

Vice Chair Kwasnik noted that expense reports were circulated.

**Member Comments**

Ms. Kedersha and Mr. Dwyer shared comments on the Demand Response Program.

The meeting recessed at 11:39 a.m. and reconvened at 11:50 a.m.

**Executive Session**

Upon motion of Mr. Hopkins, seconded by Mr. Viens, it was

**VOTED:** That the Board of Directors move into Executive Session for the purpose of discussing potential litigation issues, confidential power supply projects, and personnel matters.

Vote for the motion was unanimous and the Board moved into Executive Session at 11:50 a.m. with directors, Mr. Camerino, and Mrs. Yeaton remaining in attendance.

**Adjournment**

The Board moved out of Executive Session and Vice Chair Kwasnik adjourned the meeting at 1:25 p.m.

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Joan Aubrey, Secretary

A TRUE COPY ATTEST:

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Joseph Kwasnik, Vice Chair of the Board