

**Approved 10/29/19**

**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.**

**Minutes of the Meeting of the Board of Directors**

**September 24, 2019**

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 September 24, 2019, at the Cooperative's 287 Highland Street Office in Plymouth, NH.

Directors present were Thomas Mongeon, Alana Albee, Brenda Boisvert, Sharon Davis, Leo Dwyer, Edward French, Carolyn Kedersha, Jeffrey Morrill, Daniel Senie, and Harry Viens. Director Joan Aubrey participated via video conference. Others present were Steve Camerino, President/CEO; Brian Callnan, VP of Power Resources and Access; Mark Dean, Attorney; Brenda Inman, VP of Financial Services/CFO; Steve Kaminski, Power Planning and Policy Advisor; Mike Licata, VP of Member Services/Public Affairs; Pam Ouellette, Director of Human Resources; Craig Snow, VP of Energy Solutions/Facilities; Geoff Ziminsky, Director of Information Technology; Kristin Taylor, Rates and Statistical Analyst; Ryan Timms, IT System Analyst; Ken Colburn, NRECA Director for NH; Scott Davis, Power Resources Administrator; and Sharon Yeaton, Executive Services Administrator (recording).

Chair Mongeon called the meeting to order at 8:34 a.m.

**Agenda Review and Approval of Minutes**

There were no changes to the agenda.

The minutes of the August 27, 2019, Board Meeting were reviewed. Upon motion of Mrs. Davis, seconded by Mrs. Boisvert, it was

**VOTED:** To adopt the minutes of the August 27, 2019, meeting of the Board of Directors, as presented.

Vote for the motion was unanimous.

**Board Safety Moment**

Mrs. Ouellette presented the safety moment on the topic of fire safety and prevention, sharing information on gas safety, as well as the importance of having and practicing an evacuation plan.

**Chairman's Report**

Chair Mongeon presented the Chairman's report, drawing attention to the Annual Director Qualification Certification Forms that were included in the Board packet as Attachment #1. There were no question or concerns raised on the forms submitted.

Chair Mongeon next discussed the Nominating Committee, including the draft Nominating Committee Selection Questionnaire, Attachment #2 in the Board packet, and Nominating Committee compensation. There were no changes to the questionnaire or compensation.

Chair Mongeon noted that discussion on the director election ballot will be revisited next spring.

Chair Mongeon mentioned the letter from the Town of Sandwich regarding a possible broadband project and NHEC's response, Attachments #15 and #16, respectively, in the Board packet, and the indication in the President's Monthly Overview that since Mr. Dwyer is a Sandwich Selectmen he would recuse himself from participation in any discussion of this matter. Mr. Dwyer clarified that he would recuse himself from any vote, but doesn't feel it is necessary to recuse himself from any discussion.

Attorney Dean shared his recommendation that in this type of situation directors recuse themselves from any discussions or communications with other directors or employees about the proposed transaction, noting that this is the cleanest, most efficient remedy for any conflict of interest. He noted that the influence, or potential influence, of employees and directors on NHEC decisions is not limited to presenting recommendations or casting votes. Active, and even passive, involvement in any aspect of the decision-making process by a conflicted employee or director could influence decisions, and be as much a conflict of interest as a vote. Even if limited participation by the conflicted employee or director does not in any way actually influence the decision, such participation could reasonably be perceived as doing so.

Following discussion, Chair Mongeon indicated that it is up to the Board to decide if Mr. Dwyer's participation in discussions regarding the Town of Sandwich proposal present a conflict of interest and further, if his participation in broadband discussions of any type would be a conflict of interest.

Attorney Dean clarified that the second broader issue regarding Mr. Dwyer's participation in any type of broadband discussion need not be addressed at this time and would be case-by-case decisions to consider if and when the need for such discussions present themselves..

Chair Mongeon asked for a sense of the Board. A majority of directors were in favor of the recommendation outlined by Attorney Dean and Mr. Dwyer will recuse himself from any discussion relating to the Town of Sandwich proposal.

Continuing his report, Chair Mongeon mentioned that a question was raised relative to director fees and mileage reimbursement and this will be discussed at the October Executive Committee meeting; provided an update on plans for the list of major decisions/issues, noting that these will be incorporated into the Board Reporting Calendar; drew attention to the two articles, Attachments #19 and #20 in the Board packet, asking directors to let him and Mr. Camerino know if they have reactions to these; mentioned that it has been suggested that the previous work done to identify director skills be updated, for which Mr. Dwyer volunteered to take on this task; and noted that he tries to keep in touch with directors and if anyone wants to meet with him in person he is happy to do that as well.

## **President's Report**

Mr. Camerino presented the President's Report and addressed questions and comments. He reviewed a dashboard of key operating metrics for safety, various financial measures, service reliability and the Balanced Scorecard (BSC). He also discussed a draft policy regarding use of confidential information that will be addressed by the Executive Committee; and broadband, providing an overview of two meetings, including one with a representative from Mission Broadband, a group trying to support municipalities in efforts to find broadband solutions and the other with the Town of Sandwich, regarding their broadband proposal.

Mr. Dwyer left the meeting at 9:16 a.m.

Mr. Camerino discussed and addressed questions on the meeting with the Chair of the Town of Sandwich Selectmen and the Chair of the town's Broadband Advisory Committee to discuss what they are proposing for broadband and to raise some initial questions that NHEC had regarding the proposal.

Mr. Dwyer rejoined the meeting at 9:33 a.m.

Mr. Camerino discussed some of the speakers and topics at the CFC Boston 100 meeting he recently attended and mentioned a possible association with Dartmouth College's Revers Center for Energy and Irving Energy Institute.

In response to a question on the status of the establishment of a Board Facilities Committee, Mr. Camerino stated that he anticipates management would come to the Board before the end of the year, but he wants to have a better sense of what the process will look like before seeking Board involvement.

### **Strategic Plan Update**

Mr. Camerino discussed changes to the draft Strategic Plan, as a result of the August Strategic Planning Session, and addressed questions. He advised that he plans to present the revised plan to the Board for approval at the October meeting.

There was discussion regarding cost implications of changes in the Strategic Plan. Mr. Camerino advised that he doesn't believe any of the changes would create any material change to the forecast that was provided.

Chair Mongeon mentioned the areas of interest of directors, including financial implications, data, strategies, and more metrics and scenarios, noting that this will be discussed further at next month's meeting.

Chair Mongeon reported on the follow-up he and Mr. Camerino had with Joe Raia and indicated that they will continue to work with Mr. Raia to help build the culture of strategic thinking.

### **Capital Credits Presentation**

Mr. Camerino mentioned that as a result of the capital credits discussion during the Strategic Planning Session in August he thought it would be good to provide the Board with an overview of capital credits planning. He reviewed a PowerPoint presentation, discussing background, including the various Board discussions on the topic; issues to be addressed before capital credits can be retired; work that has been done and obstacles that have been encountered; the various organizations NHEC has talked to for guidance; items remaining to be done before capital credits can be paid out; and questions that have been asked by directors. Mr. Camerino and Mrs. Inman addressed questions on staffing, the best timing for a capital credit payout, minimum payouts, and capital credit payout methods.

Chair Mongeon requested that a timeline of the Board's involvement be added to the Board Reporting Calendar, identifying areas where Board involvement or education is needed.

## Approved 10/29/19

It was suggested that the PowerPoint presentation and the Board Policies on Capital Credits and Equity be added to a folder under the resource tab in OnBoard.

The meeting recessed at 10:24 a.m. Ms. Taylor and Mr. Timms left the meeting at this time. The meeting reconvened at 10:37 a.m. and Mr. Davis joined the meeting at this time.

### Board Committees

Providing thoughts for making big decisions, Chair Mongeon encouraged directors to go through a mental checklist, including alignment with the strategic plan, impact to members, risk, member benefits, whether the justification policy applies, and asking any question they need to have addressed.

Power Resources and Access Committee Chair Viens reported on yesterday's Committee meeting, noting that the Moultonborough Battery Project was the largest topic of discussion and staff has done an analysis and presented a recommendation for the Shared Revenue and Storage Service Agreement Hybrid model. He drew attention to the resolution included in the Board packet as Attachment #4.

Directors shared feedback on the proposal, including both support for the recommended approach and a suggestion that we could learn what we need to from having a third party own the project instead of NHEC making the investment.

Mr. Callnan addressed questions on: the project objectives, reviewing the information presented at the Power Resources and Access Committee meeting; and how the payment through the Regional Access Charge (RAC) would work, noting that the RAC would be the primary method and there would be a small component in the Co-op Power charge, calling attention to the accounting example included in the presentation.

In response to questions on the recommended approach, Mr. Callnan reviewed the four options that staff, along with National Renewable Cooperative Organization (NRCO), considered. He noted that the hybrid option being recommended provides NHEC with the best economic benefit.

Addressing questions and concerns that approving this project in isolation may have financial implications for other projects NHEC may want to do, Mr. Camerino clarified that we have both distribution rates and power supply rates and this project is on the power supply side. There is no borrowing in the financial forecast and no net negative impact to rates associated with the battery storage project.

Upon motion of Mrs. Davis, seconded by Mr. Senie, it was

**VOTED:** The Board of Directors recognize that a battery storage project will provide valuable technical knowledge to the New Hampshire Electric Cooperative and will help further the organization toward its Strategic Planning Goals. The Board of Directors authorizes management to proceed with the development and installation of battery storage technology at the Moultonborough Solar Facility consistent with the materials presented.

Vote for the motion was nine in favor and two opposed, motion carries.

There was discussion on the presentation of projects to the Board in the early stages to allow time for fuller discussion and Board input along the way, including understanding of the big picture of what the organization is trying to achieve and not looking at things piecemeal.

There was also discussion regarding the Board reaching agreement on what the appropriate information is for them to be requesting so that staff knows ahead of time everything they need to prepare. Mr. Camerino suggested some offline work with some directors will help get us to the point where the appropriate information is available. He also suggested it might be useful at some point to provide the Board with a greater understanding of NHEC's financial accounting and rate structure since the distribution and power resource sides are very different.

Audit Committee Chair French stated that as a follow-up to the last Audit Committee meeting, hard copies of the Sage Assessment Report and the Incident Response Plan will be available for directors to review following the Audit Committee meeting on October 28<sup>th</sup>. If directors are interested in reviewing this information, he asked them to let Mrs. Inman know so she can coordinate times.

Engineering and Operations Committee Chair Senie discussed the Committee's next meeting scheduled for October 8<sup>th</sup>.

Chair Mongeon mentioned the e-mail he had sent to committee chairs and forwarded to the full Board regarding meeting efficiencies and best practices, asking directors to e-mail him with any suggestions they may have. He also mentioned a previous suggestion to reorganize Board committees around areas of the Strategic Plan and asked for a volunteer who might be interested in drilling down and identifying the pros and cons and coming up with some suggestions; if anyone is interested in volunteering they should contact Chair Mongeon.

## **Attorney's Report**

Attorney Dean provided an update on a rulemaking meeting with the Department of Revenue Administration concerning new property tax rules. He also reported that Don Kreis was reappointed as the Consumer Advocate and Dianne Martin was appointed as the new chairperson of the NH Public Utilities Commission.

## **Board General Session**

### ***Board Tracking Report***

Chair Mongeon noted that there are currently no items on the tracking report.

### ***Committee Meetings***

Following is a list of upcoming meetings:

- Engineering and Operations Committee – October 8<sup>th</sup> at 9:00 a.m.
- Member Solutions Committee – October 28<sup>th</sup> at 8:30 a.m.
- Corporate Services Committee – October 28<sup>th</sup> at 9:30 a.m.
- Audit Committee – October 28<sup>th</sup> at 11:00 a.m.
- Executive Committee – October 29<sup>th</sup> – following Board meeting

***NHEC Foundation Report***

NHEC Foundation Chair Davis reported on yesterday's meeting, noting that grants totaling \$42,282 were awarded. She also discussed the Foundation's goal to increase member participation in round-up to a total of 60% and the next event to install fire and smoke alarms in homes in Claremont on October 26<sup>th</sup>.

***NRECA Report***

Mr. Colburn presented the NRECA Report and addressed questions. He first expressed his appreciation to the NHEC Board for reelecting him to another term as the NRECA Director for the State of New Hampshire and then shared highlights from his written NRECA Report.

Mr. Colburn left the meeting at 11:43 a.m.

***Director Expense Reports***

Chair Mongeon noted that a Director Expense Report was circulated for review.

**Executive Session**

Upon motion of Mr. French, seconded by Mrs. Boisvert, it was

**VOTED:** That the Board of Directors move into Executive Session for the purpose of confidential discussion of legal claims/litigation and personnel matters.

Vote for the motion was unanimous and the Board moved into Executive Session at 11:44 a.m.

Executive session ended and the meeting recessed at 1:24 p.m.

Following the Corporate Services Committee meeting, the meeting reconvened at 2:00 p.m.

**Additional Board Committee Items - Corporate Services Committee**

Corporate Services Committee Chair Kedersha reviewed the proposed resolutions for the Co-op Power and Regional Access Rate Changes and the Accounts Receivable Write-off being recommended for approval by the Committee. Upon motion of Mr. Dwyer, seconded by Mrs. Kedersha, it was

**VOTED:** That the Board of Directors authorizes management to set the Co-op Power and Regional Access Charges as recommended in the proposal on a bills-rendered basis effective November 1, 2019.

Vote for the motion was unanimous.

Upon motion of Mr. French, seconded by Mrs. Boisvert, it was

**VOTED:** That the Board of Directors authorizes a write-off for miscellaneous accounts receivable in the sum of \$4,007.26 and uncollectible accounts in the sum of \$72,870.44 covering accounts which were final billed October 2018 through March 2019 and directs staff to continue to attempt recovery of the uncollected accounts.

Vote for the motion was unanimous.

### **Board Development Goals**

Chair Mongeon mentioned that he had planned on having a discussion on Board development goals, but asked if directors wanted to postpone this discussion given the time. It was agreed to postpone this discussion to another meeting.

### **Miscellaneous**

Ms. Albee mentioned the discussion from yesterday's Power Resources and Access Committee meeting on the environmental disclosure, indicating that she had raised some concerns on where NHEC is on air emissions related to the New England regional average. She stated that she would like the Board to ask staff to prepare a cost analysis for the most efficient way for NHEC to meet the regional average in three to five years and how this would impact the renewables in our portfolio.

Mr. Viens commented that he would like to have the Member Solutions Committee participate in that discussion, noting that it would be important to hear what members have to say about adapting that renewables position before the Board moved in that direction.

Chair Mongeon commented that he would like some assessment of the level of effort that would be required to provide this information prior to asking staff to do this.

Mr. Camerino noted that the first step will be for staff to have a discussion with Ms. Albee to determine the size of the undertaking.

### **Adjournment**

Chair Mongeon adjourned the meeting at 2:09 p.m.

---

Joan Aubrey, Secretary

A TRUE COPY ATTEST:

---

Thomas Mongeon, Chair of the Board