

Approved 3/29/22

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors

February 22, 2022

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 February 22, 2022. In light of the COVID-19 pandemic and in response to the NHEC Board Chair's COVID-related Emergency Determination, the meeting was conducted remotely via Zoom videoconferencing.

Directors present were Jeffrey Morrill, Alana Albee, Brenda Boisvert, William Darcy, Sharon Davis, Leo Dwyer, Edward French, Carolyn Kedersha, Madeline McElaney, Thomas Mongeon, and Daniel Senie. Others present were Jim Bakas, Interim General Manager; Brian Callnan, VP of Power Resources and Access; Drew Dunagin, VP of Financial Services/CFO; Michael Jennings, Engineering Manager; Steve Kaminski, Power Planning and Policy Advisor; Mike Licata, VP of Member Services/Public Affairs; Paul Phillips, Attorney; Geoff Ziminsky, VP of Technology and Business Services/CIO; Jeremy Clark, Financial Planning, Analysis, and Rates Manager; Susan Karkheck, HR Payroll/Benefits Manager; Ken Colburn, NRECA Director for NH; Tuck School of Business Fellows: Luke Hickox, Jin jin Lu, Bridget McCarthy, Jacob Ochroch, and April Salas; NHEC Member Partner Group: Will Abbott, Jerry Beck, Sandra Jones, and Ted Vansant; Scott Bradtmiller, NRCO; Cooperative Members Julie Dolan, Brian DuBois and Bernice Sullivan, Richard Knox, Kevin Mack, and Terry Sylvester; and Sharon Yeaton, Executive Services Administrator (recording).

Chair Morrill called the meeting to order at 8:30 a.m.

Agenda Review

Chair Morrill mentioned that the Employee Reporting System item was being removed from the agenda and will be reviewed by the Audit Committee.

Approval of Consent Agenda

Chair Morrill noted that Mr. Mongeon would be late to the meeting so he provided a proposed amendment to the January 25, 2022, minutes by email earlier this morning. Chair Morrill reviewed the proposed changes. Upon motion of Mr. French, seconded by Mr. Dwyer, it was

VOTED: That the Board of Directors approves the consent agenda items, including the amended minutes of the January 25, 2022, Board meeting, and the two director expense reports.

Vote for the motion was eight in favor and one abstention, with Mr. Darcy abstaining since he was not present for the whole meeting. The motion carries. Mrs. Boisvert and Mr. Mongeon were not present for the vote.

Chair Morrill noted that some members will be joining the meeting today and he will cover introductions and allow for questions during the Chairman's Report.

Board Safety Moment

Mr. Clark presented the board safety moment on the topic of sun safety during winter weather.

Mrs. Boisvert and Mr. Knox joined the meeting and Mr. Clark left the meeting at 8:35 a.m.

Board Operations Moment

Ms. McElaney presented the board operations moment. She shared her screen and reviewed a slide on inquiry and reflection and asked for everyone to consider this as we communicate with each other. Mrs. Davis commented that it sounds like habit #5 of the *Seven Habits of Highly Effective People*, which is “seek first to understand, then to be understood.” Chair Morrill asked that we try to apply this as we move along today.

Ms. Jones joined the meeting at 8:39 a.m.

While waiting for presenters for the Environmental Goal Setting topic scheduled for 8:50 a.m. to join the meeting, Chair Morrill indicated he would cover some of the items in the Chairman’s Report.

Chairman’s Report

Chair Morrill complimented the CEO Search Committee for the progress they are making with the CEO search and noted that Mrs. Davis will provide an update later today. He next mentioned the resolution passed last month for a subcommittee of one director and one member of the senior management team to explore committee structure options going forward and asked if there were any volunteers. Mrs. Kedersha, Mr. Bakas, and Mr. Kaminski volunteered to participate. Chair Morrill indicated that Mr. Mongeon had also expressed an interest in participating. Chair Morrill will validate with those volunteering and may ask all of them to be on the subcommittee.

Mr. Vansant joined the meeting at 8:44 a.m.

Mrs. Davis mentioned the length of board meetings as a topic for today or another time. She wondered if we could work on a way of compacting the agenda to still be effective but be around five hours instead of six and a half or seven hours.

Mr. Darcy suggested that when we have guests at the meeting we should try to move them up on the agenda so they don’t have to wait for long presentations.

Chair Morrill called on Julie Dolan who shared her gratitude that NH Broadband is on its way to Sandwich. She requested an information session for citizens to address their questions and mentioned the desire of the Sandwich Fair to have Wi-Fi coverage available at the fairgrounds during the three-day event. She also mentioned the availability of grant funds.

Ms. McCarthy and Messrs. Bradtmiller, Hickox and Mack joined the meeting at 8:46 a.m.

Chair Morrill thanked Ms. Dolan for her comments and for advocating for broadband. Mr. Dwyer suggested that he and Mr. Licata could get together and schedule informational meetings in Sandwich and Acworth over the next month.

Chair Morrill next recognized Richard Knox who expressed a desire to know the timetable for the broader rollout of broadband, whether a town by town or regional approach would be taken, and the next steps in the process.

Ms. Lu, Ms. Salas, and Mr. Ochroch joined the meeting at 8:50 a.m.

Chair Morrill noted that there is a special board meeting on broadband next Monday and a subcommittee has been working hard on a business plan to answer those questions. We will be able to share more details of our plan after that meeting.

Environmental Goal Setting

Mr. Licata mentioned that the report posted in OnBoard and today's presentation is the product of one and a half years of work on behalf of the Member Partner Group, two sets of Dartmouth Fellows, Craig Snow, Brian Callnan, and himself. He noted that it was very much a member-centric and member-driven process. He thanked the two sets of Dartmouth Fellows, the Member Partners, and the Dartmouth professors who supported it, for all their hard work and effort.

Ms. Dolan and Mr. Mack left the meeting at 8:53 a.m.

The presentation began with introductions from the Dartmouth Fellows (who also recognized key advisors April Salas and Stephen Doig for helping to guide them through this process) and the Member Partners.

Mr. Beck offered opening comments on the climate initiative, discussing the productive, collaborative efforts of NHEC staff and the Member Partners Group; the member survey that indicated strong member concern and interest in addressing climate change; and the additional assistance of the Dartmouth Fellows. He commented that the results of these collaborative efforts will be presented today.

Mr. Callnan mentioned that the Co-op is extremely lucky to have these two groups assisting us through this process. He called on Scott Bradtmiller from NRCO who introduced himself.

Ms. McCarthy shared her screen and began the NHEC Climate Initiative Final Recommendations presentation with a review of the agenda: 1) executive summary, 2) leading by example, 3) empowering our members, and 4) execution plan and looking ahead.

Individuals from the Member Partners and the Dartmouth Fellows reviewed slides covering each of the agenda items: 1) Executive summary of findings – including a review of: the objective of the NHEC Climate & Sustainability Initiative to develop solutions that address member concerns related to the environment and climate change, ways NHEC could lead by example and empower its members to meet the project objective, a summary of key current state findings, future state goals, and identified pathways to achievement, and NHEC's commitments; 2) Leading by example – including a review of: survey results showing members feel it is important that NHEC prioritizes decarbonizing its internal operations, a graph depicting the results of an operational emissions audit conducted to assess decarbonization opportunities, the future state goal - NHEC will achieve net-zero emissions in its operations by 2040, and initial pathways identified to achieving the net-zero goal; 3) Empowering our members – including discussion of: how helping Co-op members decarbonize is vital to NHEC's overarching goal to protect the natural environment, enhancing the

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energy service offerings available for members to help NHEC meet their broader sustainability objectives and commitments, how enhancing the energy service offerings can help NHEC achieve future state climate goals, how green power product offerings can help the membership significantly reduce its carbon footprint at a low cost, enhanced energy solutions and education tools to reduce the membership carbon footprint, energy efficiency and electrification programs sponsored by NHEC to help reduce the membership's carbon footprint, and the EV Switch Model; and 4) Execution plan – reviewing the execution plan to lead by example going forward, as well as the execution plan to empower our members going forward.

During the presentation, Mr. Mack rejoined the meeting at 9:25 a.m. and Mr. Mongeon joined the meeting at 9:33 a.m.

Questions and comments shared during the presentation, included:

- Discussion regarding the proposed Co-op Power offerings, Green 50 and Green 100, and the adders for efficiency programs and local renewable support, with background shared on reasons for the adders and an explanation that these would be additional funding streams to support the Social and Environmental Responsibility (S&ER) programs and would be clearly communicated to members who want to take these optional rates.
- Discussion on the proposed resolution, with concerns raised that the resolution indicates the board supports the recommendations in the report, but the costs associated with those recommendations have not been identified. It was explained that going forward there would be many decision points the board would make regarding facilities, greening fleet, etc. and through budgets, strategic planning, and facilities discussions the board will have numerous opportunities to review the cost/benefit analysis. The resolution provides an important data point perspective of a goal we are working toward as an organization. There was a desire to see the costs documented so the board can balance the costs and benefits.

At the conclusion of the presentation, Mr. Licata thanked everyone involved for all of their time and effort on the presentation and their passion for the subject. He noted that this endeavor dovetails nicely with the strategic plan that we have been working towards; it touches on many different areas and will help inform NHEC's next strategic planning process.

Chair Morrill echoed his thanks for all of the work. He asked about the project justification policy, how we action some of the next steps, and suggested we produce a financial assessment so we can think about how it fits into the P&L and our strategic plan going forward.

Mr. Licata clarified that there is no budget request today. The request is to set a high-level strategic goal that staff will work towards going forward. He noted that as you look at moving towards net-zero that involves a lot of different things as discussed today and until you start developing those plans there is no budget request. This is a goal statement we will be working to achieve over the next 18 years.

Mr. Mack left the meeting at 9:55 a.m.

Thoughts were shared on the report and presentation, including appreciation and recognition for the great work that has been done, a desire for the board to have more time for discussion, concern

about the overall vagueness of the resolution and whether approving it means the board is agreeing with all the recommendation in the report before knowing the cost implications, a desire to see the report go public, and a question of why 2040 was chosen as the goal instead of 2030.

Mr. Callnan mentioned that the Dartmouth Fellows need to leave by 10 a.m. and he wanted to be sure to acknowledge and thank them before they left. Chair Morrill echoed his thanks and appreciation, noting that the Board now needs to look into how to action it. Ms. McCarthy thanked the entire project team, noting that it has been an incredible experience for the students, and they appreciate and commend the commitment to driving change. Ms. Salas reiterated the thanks, commenting that it is so meaningful to have partners nearby to help students refine their skills.

Ms. Lu, Ms. McCarthy, Ms. Salas, Mr. Bradtmiller, Mr. Hickox, and Mr. Ochroch left the meeting at 9:59 a.m.

Additional thoughts were shared on the report and presentation, including:

- Reiteration of earlier comments on the great work of the team, the need for more time to discuss before agreeing to a goal, and the need to know more about the cost estimates.
- A suggestion to modify the resolution to give everyone a greater degree of comfort by either stating something about the financials or giving it some limits.
- Recognition that this is a 20-year goal and the technology to achieve it may not even exist yet for us to assign a dollar value, but we can think about the health and wellness of our communities and how we can be forward thinking as an organization to remain relevant. We can also think about the cost of inaction if we continue to operate as usual.
- Support for the concept that was put forth this morning.
- A suggestion to modify the resolution to “supports exploring how to implement the recommendation” instead of “supports the recommendation.”
- Questions around whether the survey is a reliable and valid measure for the recommendation, with comments that a better measure is member participation in renewable energy incentive programs and that we owe it to our members to have a more scientific basis for which to judge their sentiments.
- Acknowledgement that the team putting forth the recommendation has been working on this for almost two years. The resolution was crafted to be flexible and allow for options throughout the next 20 years and could be modified to indicate that the board “supports” the goal statement, rather than “adopts” to alleviate concerns about cost. The second statement in the resolution simply means that we will be providing tools to our members for them to make their own choices, which is an effort to engage and empower the membership, and the third statement means that carbon becomes part of the conversation when we make decisions going forward.
- Strong support for the recommendation to provide our members with more green power options, with it noted that this wouldn’t impose any costs on our overall membership, but for the other recommendations we shouldn’t be moving forward unless there is some cost/benefit analysis.
- Full support for the proposed resolution, with it noted that we are talking about an aspirational goal with a 2040 timeline based on a lot of technologies that are evolving.

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When we are talking about costs, we should also consider that the cost of energy in terms of fossil fuels is about to skyrocket.

Upon motion of Mr. Senie, seconded by Ms. McElaney, it was

MOVED: That the Board of Directors supports the recommendations presented in the 2022 Climate Initiative Report and adopts the following goal statements:

NHEC is committed to protecting the natural environment and ensuring the vitality of the communities we serve. As a member-owned and governed cooperative, NHEC is focused on meeting our members' needs, leading by example, helping our members be efficient users of energy resources, and providing tools to make clean energy choices.

- NHEC will achieve net-zero emissions in its operations by 2040.
- NHEC will empower its members to reduce their own emissions by encouraging the efficient use of clean energy resources.
- NHEC will annually report on and consider greenhouse gas (GHG) emissions in its business decisions.

Discussion ensued on the motion. Comments included: that more member buy-in of this goal than is provided by the survey that was conducted is needed; the goal is too definitive; information on the financial implications is needed before committing to this goal; it is not clear that we fully know how the broader membership feels; and these are major decisions that are a change of our operations and buying priorities and could have a multimillion dollar effect, and it should be a more deliberate response than a presentation and vote.

Vote for the motion was two in favor (Directors McElaney and Senie), seven abstentions (Directors Dwyer, Albee, Davis, French, Mongeon, Kedersha, and Morrill), and two opposed (Directors Darcy and Boisvert). While indicating a desire to support a resolution on this matter, those abstaining indicated reasons of the goal being too definitive and needing additional information on costs. The motion fails.

Chair Morrill commented that he believes there are just a lot of next steps and he wants to send the message to the team that this is the right push for us.

Upon motion of Ms. Albee, seconded by Mr. Mongeon, it was

VOTED: That given the results of the recent vote, the senior management team members involved with the climate initiative, and a number of to be appointed directors (or the Member Services Committee) form a team to develop a goal-related resolution in relation to renewables to be brought forward to the board for consideration.

In response to a request for clarification on the goal of this motion, Ms. Albee advised that the purpose is for the team to come up with a resolution that provides a goal statement for this area of work which takes into consideration the concerns brought up by the board today.

Following discussion, vote for the motion was ten in favor and one opposed with Director Senie opposing. The motion carries.

Chair Morrill indicated we will take that as a follow up to do. He asked guests not to view this as lack of interest; it is more how do we action it and bring it forward.

Mr. Beck and Ms. Jones left the meeting at 10:25 a.m.

Chairman's Report

Chair Morrill called on Mr. DuBois and Ms. Sullivan who expressed their appreciation for past interactions with the Co-op and discussed their desire for NHEC to bring broadband internet service to the Town of Wentworth. Chair Morrill thanked them for their comments and mentioned that the board will be meeting next week to discuss the broadband business plan and should be able to share more news shortly.

Mr. Sylvester expressed his desire for the Co-op to get information out to members in Wentworth that would help them understand that the Co-op could provide the fiber network so the town doesn't need to bond \$1.5 million for CCI to provide the fiber.

Mr. Vansant left the meeting at 10:30 a.m.

Chair Morrill thanked members for their comments and for joining today's meeting.

The meeting recessed at 10:32 a.m. Messrs. Knox and Sylvester left the meeting at this time. The meeting reconvened at 10:45 a.m. and Mrs. Karkheck joined the meeting.

Interim General Manager's Report

Mr. Bakas mentioned that his written report and the January Dashboard were included in the board packet and he offered to address any questions.

Messrs. Bakas, Jennings, Callnan, and Dunagin addressed various questions on: the Performance Management System, with Mr. Bakas agreeing to add it to the Board Tracking Report, but advising that the union is not included because that is a contract issue that would need to be negotiated; new services; SCADA expansion, with Mr. Jennings noting that he would be providing an update at the upcoming Engineering and Operations Committee meeting; transactive energy, with Mr. Callnan explaining that it is showing as yellow on the dashboard because it is something we are always monitoring and shows as a sunshine on the board report because we are on schedule; and the financial report related to broadband, with Mr. Dunagin explaining that the losses remain within the broadband entity and future earnings will be allocated to offset the losses.

Directors & Officers Liability Insurance Renewal

Mr. Dunagin discussed Directors and Officers Liability Insurance, noting that it is up for renewal on March 1. He explained that we currently have \$10 million in coverage and there was extensive discussion last year when the board decided to stay at that level. He noted that we do have quotes for higher coverage if that is something the board would like to consider, but based on benchmarking data that was including in the board packet, \$5 - \$10 million coverage is still a reasonable range. He reviewed the premiums for the various levels of coverage and noted that management's recommendation is to stay with the \$10 million coverage based on last year's discussion, benchmarking information, and the cost.

Mr. Dunagin and Mrs. Karkheck addressed a question on why others aren't able to compete with Aegis, noting that they are the electric and gas focused insurance provider and we do benefit from the continuity credits as well. We will continue to test the market from time to time.

Upon motion of Mrs. Davis, seconded by Mrs. Kedersha, it was

VOTED: That the Board of Directors authorizes management to renew the Board of Director's D&O Insurance with Aegis for \$10,000,000 coverage effective March 1, 2022.

Vote for the motion was unanimous.

Mr. Dunagin recognized Mrs. Karkheck for all her efforts.

Board Committees

Audit Committee

Audit Committee Chair Albee reported on the February 16th Audit Committee meeting and noted that the committee will meet again next month for the presentation of the external financial audit. She discussed the items covered at the February 16th meeting, which included the financial audit; cyber security, including the steps to select the Managed Security Service Provider (MSSP) and review of the project management model to be used in categorizing and prioritizing the outstanding issues highlighted in the external cyber report; and the work being done to strengthen policies on whistleblowing and the investigative process.

Mr. Ziminsky addressed a question on the risk register, advising that criteria need to be defined and reviewed with the Audit Committee.

Additional Committee Items

Mr. Callnan addressed questions on the Power Resources Variance Report, Attachment #20 in the board packet. With regard to the 15% forecasted variance for unit costs (\$/kWh), he explained that the primary reason is energy prices were high in January and the weather was cold so we bought more power than was budgeted. He mentioned that February, March, and April are forecasts and those prices could come down or go up. Regarding whether we are considering adjusting rates due to the \$10 million under-recovery of revenue, Mr. Callnan advised that we are looking at rates now for the May adjustment but are not considering a mid-term adjustment. He noted that because we are on a bills-rendered basis what is not yet included is the increase in revenue from additional sales in January and when those revenues come in that under-recovery balance should come down. He mentioned that staff watches this closely and they would let the board know if they felt strongly that we needed to do something.

Chair Morrill mentioned the discussion during the Chairman's Report about the formation of a subcommittee to explore committee structure and received confirmation of Mr. Mongeon's interest in serving on that subcommittee. Chair Morrill noted that in addition to Mr. Mongeon the other committee members will be Mrs. Kedersha and Messrs. Bakas and Kaminski. He asked that the subcommittee prepare a charter, process, and timeline to bring back to the board next month and noted that this would be added to the Board Tracking Report.

Board General Session

Board Tracking Report

Chair Morrill noted that the Board Tracking Report has grown into a nice tool and items will be added and deleted as appropriate.

Committee Meetings

Following is a list of upcoming meetings:

- Corporate Services Committee Meeting – March 22, 8:30 a.m.
- Audit Committee Meeting – March 25, 8:30 a.m.

NRECA Report

Mr. Colburn presented the NRECA Report, noting that his main focus this month is on the proposed NRECA resolutions to be addressed at their upcoming Annual Meeting. He reviewed the resolutions that he highlighted in his written report, noting that there is nothing of major concern. If anyone has thoughts or concerns on any of the resolutions, they should email them to Ms. McElaney and Mr. Colburn.

Continuing his report, Mr. Colburn discussed his appointment as Vice Chair of the Business and Technology Strategies Committee and mentioned the additions to his bibliography, calling attention to the Electric Co-op Facts and Figures and the EV charging pilot program at Plymouth State University.

There was discussion on the PSU EV charging pilot and the Transactive Energy Rate. Mr. Callnan explained that the Transactive Energy Rate has many different components; it is a 24-hour variable rate published the day before; it is a full pass through of costs to the member and that it sends a very strong price signal for discharging and charging of cars at an opportune time. Mr. Dwyer stated that what he wants to see is how the rate is communicated to the member. Mr. Callnan noted that it is on the bill and asked if a bill mockup is what Mr. Dwyer would like to see. Mr. Dwyer confirmed he would like to see a bill mockup.

NHEC Foundation Report

NHEC Foundation Chair Davis presented the NHEC Foundation Report, drawing attention to the write-up on the \$2,000 grant to support the Campton Elementary School winter programs.

CEO Search Update

CEO Search Committee Chair Davis provided an update on the CEO search. She noted that the committee has been meeting weekly; advised that the search timeline has been updated and reviewed key dates; stated that the CEO search profile has been completed and advertising began last week; called attention to the CEO search announcement distribution posted in OnBoard; and discussed the next step to work on interview questions at the Committee's March 7 meeting with our search consultant Chris Guiney.

There was discussion regarding the assessment of candidates, including the desire to make sure we have a rigorous method of scoring that is understood by all interviewers, there is both a quantitative and qualitative assessment that is well documented, and that there is a discussion of implicit bias.

Mr. Mongeon expressed his appreciation for the public session updates on the CEO search and indicated we should do the same for broadband.

Miscellaneous

In response to a request for an update on the status of facilities, Mr. Bakas suggested that be covered at the next board meeting.

The meeting recessed for lunch at 11:36 a.m. Mrs. Karkheck and Mr. Colburn left the meeting at this time. The meeting reconvened at 12:00 p.m.

Executive Session

Upon motion of Mrs. Kedersha, seconded by Mrs. Boisvert, it was

VOTED: That the Board of Directors move into executive session for the purpose of discussion of confidential legal, litigation, contract, and personnel matters.

Vote for the motion was unanimous and the board moved into executive session at 12:00 p.m.

The board moved out of executive session at 3:04 p.m.

Adjournment

Upon motion of Mr. Dwyer, seconded by Mr. Senie, it was unanimously voted to adjourn the meeting. Chair Morrill adjourned the meeting at 3:04 p.m.

Brenda Boisvert, Secretary

A TRUE COPY ATTEST:

Jeffrey Morrill, Chair of the Board