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Background

In the summer of 2023, the Board of Directors and the Senior Leadership Team of the New Hampshire Electric Cooperative initiated a process designed to produce a Strategic Plan for the next five years (2024-2028) that would guide the Board, Senior Leadership, and the Cooperative in terms of identifying priorities, allocating resources, and removing barriers.

Founded in 1939 as part of a national effort to provide electricity in rural areas where investor-owned utilities were reluctant to provide services, the New Hampshire Electric Cooperative (NHEC) reliably serves nearly 70,000 members in 118 towns in the Granite State.

The past few years, however, saw a shift in external conditions and opportunities that lead NHEC, as well as other cooperatives, to embrace a more dynamic future.

Electric cooperatives began playing a pivotal role in addressing the digital divide by expanding their services beyond traditional electricity provision to include broadband internet for members who are on the inopportune side of the digital divide. The digital divide refers to the gap between those who have access to modern information and communication technology, particularly high-speed internet, and those who do not. Many rural and underserved areas struggle with limited or no access to broadband services, which in turn negatively impacts economic development, education, healthcare, and overall quality of life.

Recognizing the importance of connectivity in the 21st century, electric cooperatives have leveraged their existing infrastructure and rural roots to deploy broadband services to their communities. This strategic approach capitalizes on the cooperative's established presence in rural areas, making it a natural fit for addressing the unique challenges associated with providing internet access in these regions.

The expansion into broadband services also aligns with the cooperative principles of community focus and member-driven initiatives. By undertaking broadband projects, electric cooperatives empower their members and contribute to the economic development of their regions. The cooperative model ensures that decisions regarding broadband deployment are made with community interests in mind by prioritizing affordability, reliability, and equitable access.

Moreover, the convergence of energy and broadband services facilitates the development of smart grid technologies, enhancing the overall efficiency and resilience of the electric grid. This synergy underscores the adaptability and innovation within electric cooperatives, as they continue to evolve to meet the changing needs of their members and the communities they serve. As electric cooperatives expand their role in bridging the digital divide, they contribute significantly to the broader goal of creating a more connected and inclusive society.

At the same time, electric cooperatives continue to build on their historical role in advancing the electrification of the U.S. economy, particularly in rural and underserved areas where investor-owned utilities deemed electrification economically unviable. The Rural Electrification

Administration (REA), which was part of the New Deal initiatives in the 1930s, established federal support for the creation of electric cooperatives. These cooperatives, owned and governed by their members, brought electricity to rural America, and transformed both the economy and daily life.

Electric cooperatives continue to contribute to the electrification of the U.S. economy. Each year they expand and modernize their infrastructure to keep pace with technological advancements, meeting the growing demand for electricity in both rural and suburban communities. The cooperative model, with its focus on local governance and community needs, allows these organizations to tailor their services to the unique challenges of the regions they serve.

In the 21st century, as the nation experiences a shift towards cleaner and more sustainable energy sources in response to climate change, members of electric cooperatives are also expressing interest in the adoption of renewable energy technologies. While NHEC does not produce or transmit power, it does make prudent investments in solar and other forms of clean and efficient energy use, including heat pumps, electric vehicles, and home and building energy efficiency efforts. NHEC also remains committed to initiatives that reduce demand and provide opportunities for members to join with the Cooperative in investing for a sustainable future in energy delivery.

It is within these two imperatives—the adoption of broadband as an essential service that should be provided by electric cooperatives and the electrification of the economy in rural America—that influence and shape the direction of the 2024-2029 Strategic Plan by the New Hampshire Electric Cooperative.

This plan updates the mission, vision, and values of NHEC.

The plan also identifies five key areas of focus for the next five years and identifies critical initiatives that will help the Cooperative provide affordable, reliable electric and broadband services.

Executive Summary

Mission

The New Hampshire Electric Cooperative aims to deliver affordable and reliable electric and broadband services to its members.

Our Vision

Empowering our members to thrive through our cooperative commitment to serving their needs.

Our Values

Safety, our Members, and Integrity

Key Areas of Strategic Focus

In the next five years, we will focus on the following areas:

- Reliability
- Affordability
- Member Experience
- Employee Experience
- Broadband Buildout

Mission, Vision, and Values

Mission

To provide our members with affordable and reliable electric and broadband service.

While the New Hampshire Electric Cooperative has had many mission statements during its 85-year history, its core mission remains the same: to provide an essential service to its members.

Until 2020, that service focused entirely on electric service.

Because of both technical improvements and regulatory change, electric cooperatives increasingly recognized that their expertise in providing an essential service that came from lines attached to poles could be parlayed to deploy high-speed, symmetrical, fiber-to-the-home or business.

NHEC now embraces this mission to provide electric and broadband service to its members.

Vision

Empowering our members to thrive through our cooperative commitment to serving their needs.

Why do we provide members with affordable and reliable electric and broadband service?

Ultimately, we believe the 21st century economy, particularly in rural states like New Hampshire, relies on both electricity as the preferred energy source and fiber as the primary and preferred means by which digital information, connectivity, and access occurs.

There are many facets to our New Hampshire economy, including manufacturing, healthcare and biotechnology, tourism and hospitality, technology and information services, education and research, finance and insurance, real estate and construction, and agriculture and forestry.

Each pillar to the New Hampshire economy increasingly relies on electric and broadband services.

Values

Safety

Safety is of paramount importance for electric cooperatives, given the nature of their operations in delivering electricity to communities.

At NHEC we strive to provide a safe environment for our workforce and our members. One key aspect of safety for electric cooperatives is the protection of workers. Line workers, technicians, and other employees often face hazardous conditions when working on power

lines or handling electric equipment. Strict adherence to safety protocols, the use of personal protective equipment, and ongoing training programs are essential components that help ensure the well-being of these personnel.

Another critical dimension of safety for electric cooperatives lies with the prevention of electrical accidents and outages. Regular maintenance, inspections, and adherence to industry standards minimize the risk of equipment failure and electrical fires. Robust safety measures also reduce the likelihood of widespread power outages caused by preventable incidents, contributing to the reliability of electricity supply for cooperative members.

Safety is also not just an issue for its employees or electric operations. Member engagement also helps to ensure safe practices. Electric cooperatives often conduct outreach programs to educate the public about electric safety, especially in areas where outdoor activities or construction projects may bring people into proximity with power lines.

Clear communication and collaboration with our employees and members help mitigate risks and promote a culture of safety.

Our Members

Members play a central and defining role in the functioning of electric cooperatives, embodying the democratic and community-driven principles that distinguish cooperatives from other forms of business entities. Unlike investor-owned utilities, where decisions are typically made by a board accountable to shareholders, electric cooperatives operate on the basis of one member, one vote. This democratic structure ensures that all members, regardless of the size of their electricity consumption, have an equal say in the cooperative's decision-making processes.

One of the primary roles of members rests with electing the cooperative's board of directors. The board, composed of individuals from the membership, is responsible for approving policies, rates, and terms and conditions; managing the President & CEO, approving budgets; and making key strategic decisions that impact the cooperative's future. Members exercise their voting rights during annual meetings or special elections to choose directors who reflect the community's values and priorities.

Members also contribute to the cooperative's financial health. When joining the cooperative, individuals become both consumers of electricity and owners of the cooperative. The margins generated each year build equity that helps fund capital projects which in turn keep the electric distribution system safe and reliable, and helps electric rates remain affordable and stable. NHEC's member-owners are allocated their portion of the equity generated based on their electric usage. This accrued equity is represented by capital credits and are returned over time. This financial participation not only fosters a sense of ownership but also provides the cooperative with capital for infrastructure improvements and expansion.

Beyond participating in the democratic process and contributing financially, members engage with the cooperative through feedback, communication, and community involvement. Cooperative members should have a direct line of communication with the cooperative's leadership, providing input on issues such as service quality, rates, and community initiatives. This open dialogue helps ensure that the cooperative remains responsive to the needs and concerns of its members.

Integrity

Integrity is a cornerstone value for any organization, and in the context of an electric cooperative it holds particular significance due to the cooperative's unique structure and commitment to its members and community. The importance of integrity in an electric cooperative manifests itself in several key areas that are vital for its success and sustainability.

Trust with Members:

Integrity is fundamental for building and maintaining trust between the cooperative and its members. Members depend on the cooperative for the reliable and safe delivery of electricity. Open and transparent communication, ethical business practices, and adherence to established standards contribute to a positive and trusting relationship. Members need assurance that the cooperative operates with their best interests in mind, and integrity is the foundation of that assurance.

Financial Transparency:

Electric cooperatives usually operate as non-profit organizations, with any surplus revenues reinvested in the cooperative, used to pay down debt, or returned to members over time through capital credits. Maintaining financial integrity is essential in upholding the cooperative's commitment to transparency. Responsible budgeting, accurate financial reporting, and fair distributions of capital credits ensure that members have confidence in the cooperative's financial practices.

Reliability and Safety:

The integrity of the cooperative's infrastructure and operational practices directly impacts the reliability and safety of the electricity supply. Regular maintenance, adherence to safety standards, and timely responses to outages demonstrate a commitment to the well-being of both employees and members. The cooperative's reputation for reliability is closely tied to its integrity in maintaining a robust and resilient electric system.

Community Relationships:

Electric cooperatives are deeply rooted in the communities they serve. Maintaining integrity in community relationships involves being a responsible corporate citizen. This work includes environmental stewardship, engagement in community initiatives, and contributions to local development. Integrity in these interactions reinforces the cooperative's commitment to the overall well-being of the community beyond just providing electricity.

Regulatory Compliance:

Electric cooperatives operate within a regulatory framework designed to ensure fair practices and the protection of consumers. Upholding integrity involves strict compliance with these regulations. Transparent and ethical dealings with regulatory bodies demonstrate the cooperative's commitment to accountability and fairness.

Key Areas of Strategic Focus

The Strategic Plan identifies five Key Areas of Focus for the next five years for the New Hampshire Electric Cooperative.

The Key Areas of Focus include the following:

1. Reliability
2. Affordability
3. Member Experience
4. Employee Experience
5. Broadband buildout

The following matter in the strategic plan describes these Key Areas of Focus in more detail and identifies specific initiatives to be undertaken in the next five years. There is also a separate five-year Strategic Plan Matrix which identifies when these initiatives will be completed.

Reliability

Reliability means that electric and broadband services are available when and where our members need them.

Moreover, we want our members to trust that NHEC will deliver seamless and reliable electricity and broadband.

NHEC's 2023-member survey showed reliability is the most important aspect of our service.

While the lack of reliability is most often associated with outages due to storms, accidents, and vegetation, reliability occurs when several factors come together.

Infrastructure Maintenance:

Regular maintenance of our infrastructure helps prevent equipment failures, breakdowns, and other issues that could lead to power outages. Well-maintained equipment operates more efficiently and reliably.

Resilience to External Factors:

Electric systems must be designed and built to withstand external factors such as weather events (storms, hurricanes, etc.), wildlife, accidents, and other unforeseen circumstances. Robust infrastructure and preventive measures help minimize the impact of external factors on the reliability of the electric grid. As with all technology-based systems, we must also consider cybersecurity to be an increasing factor for reliability. Cybersecurity becomes even more important as we add remote and automated tools to control the grid.

Investment in Technology:

Advancements in technology, including smart grid systems, sensors, and automation play a crucial role in enhancing electric reliability. These technologies enable utilities to monitor the grid in real-time, detect potential issues, and respond quickly to minimize disruptions.

Redundancy and Backup Systems:

Building redundancy into the electric infrastructure ensures that alternative routes and backup systems are available in case of equipment failure or unexpected events. This redundancy helps maintain continuity of service even in the face of challenges.

Grid Planning and Management:

Effective planning and management of the electric grid, including load forecasting and capacity planning, helps NHEC anticipate future demand and ensures that we invest in the infrastructure to meet it. Well-coordinated grid operations contribute to the overall reliability of the system.

Reliable electric service also matters in sectors where uninterrupted power is essential, such as healthcare, emergency services, and industries that rely on continuous operations. Power

outages can have significant economic and social consequences, underscoring the importance of investing in measures that enhance electric reliability. As the 2023-member survey confirmed, our members believe reliable electric service as their most important need.

Key Initiatives for Reliability

1. Reliably and efficiently modernize the Distribution Grid.

A modernized grid enables automated performance of tasks and provides real-time detailed analysis and correction of problems.

Supervisory control and data acquisition (SCADA) and fault location, isolation, and service restoration (FLISR) operations can reduce the number of members interrupted by at least 37% as well as the number of member minutes out can also be reduced by about 50% on average¹. Automated switching is more effective than manual validated operations.

At the end of five years, we aim to fully automate the distribution system with SCADA Expansion and a Distribution Management System (DMS). Our aim would be to complete SCADA Expansion by 2026 and realize full automation by 2028.

The next step beyond SCADA expansion involves implementing a Distribution Management System (DMS).

A DMS can fully automate switching and provide for future grid optimization. Automated switching, compared to operator-controlled switching, provides for faster restoration and optimized switching during an outage. As a result, members will see significant reliability improvements.

Finally, we know that microgrids can help boost overall reliability by reducing prolonged outages and offer additional flexibility in managing the use and cost of power. We will investigate the possibility to leverage microgrids for our membership by performing a study by the end of 2025 with potential implementation in 2026.

2. Optimize distribution plant to reduce outages and improve restoration times.

NHEC experiences outages on equipment nearing its end of life. We aim to minimize future outages by removing end-of-life equipment and replacing it with equipment that is less likely to fail. The new equipment benefits from modern technology and construction standards. It is more easily maintained and capable of faster restoration times in the event of a failure.

We want to implement a modern maintenance program to digitally trend asset health over time. We also want to continue to implement two key initiatives aimed at replacing obsolete equipment (Direct Buried Cable Replacement (DBC) and the Transformer Replacement Program (TRP). Finally, we want to design a system capable of fewer outages and faster restoration.

¹ https://www.smartgrid.gov/files/documents/B5_draft_report-12-18-2014.pdf

This work will occur over the five-year period of this strategic plan.

Our first initiative is to replace our ageing underground, direct buried cable. When these cables fail, they create lengthy outages. The ground must be excavated for restoration in challenging weather conditions to locate the failure. The cable will be replaced with a more durable cable installed in conduit providing for easier restoration, maintenance, and troubleshooting. In addition, the planned work will provide future conduit for our broadband expansion.

The second initiative focuses on rebuilding our aging fleet of substations and bulk substation transformers through the TRP. Many of our substation assets are at the end of their useful life and need replacement. New transformers and substation equipment allow for more reliable distribution assets that provide power for thousands of our members. In addition, new substation design and standards allow for safer operations, faster restoration, improved monitoring and efficiency, and enhanced environmental protection. We will replace two major substation transformers each year throughout the five-year life of this plan.

Finally, we want to invest in a digital repository for maintenance records and tracking. NHEC currently stores maintenance records in a variety of databases and files. Many records are kept digitally while some are kept on paper. The paper records make analysis and scheduling challenging and require significant work to track asset health over time. A digital system for asset management will help modernize NHEC's maintenance practices to extend the equipment's life and better predict future outages.

3. Implement data analytics and process improvements to identify opportunities and trends that affect reliability within the grid.

We want to empower NHEC decision-makers with data to better understand NHEC's business and operations. Using automation to acquire data and business analytics front end data will be more readily available which will allow decision makers to spend more time evaluating and asking deeper questions.

We will also embark on employee training and process improvements throughout the next five years to leverage the data and analytics to make decisions about our business that are advantageous to our members.

Affordability

Members want affordable electric and broadband service. It is second only to reliability in terms of the priorities of NHEC members based on the 2023-member survey.

Affordability remains an essential element of the electric cooperative model, reflecting a commitment to ensuring that electricity remains accessible and reasonably priced for all of our members. NHEC's member service charge helps to align cost with causation. Rates and charges also provide the revenue needed to meet the cooperative's operating costs and maintain its financial strength. They aim to be fair and equitable to all members with gradual adjustments over time.

Electric cooperatives are unique entities because they operate as member-owned organizations, placing the interests of their communities, rather than shareholders, at the forefront of our obligations.

One of the primary benefits of affordability for electric cooperative members rests with the promotion of economic stability within communities. Some of the communities served by NHEC face economic challenges, and affordable electricity helps support local businesses, agriculture, and overall community development. Businesses and other employers can thrive when electrical rates are reasonable, which in turn leads to job creation and improved quality-of-life for residents.

Affordable electricity also plays a vital role in addressing energy poverty, ensuring that low-income households have access to this essential service. Electric cooperatives, by prioritizing affordability, help prevent the marginalization of vulnerable populations and contribute to social equity. This commitment aligns with the cooperative principles of voluntary and open membership, democratic member control, and concern for the community.

Moreover, affordability in the context of electric cooperatives reflects a long-term commitment to sustainability. To help keep electricity accessible and cost-effective, cooperatives encourage energy efficiency and responsible consumption. This, in turn, contributes to environmental conservation and reduces the overall carbon footprint of the community.

Affordability involves several elements that relate to the cost of a particular item which someone can comfortably manage, including the following:

- 1) A basis for rates which is consistent but does not significantly exceed the Cooperative's costs for providing that service;
- 2) A purchasing methodology with ISO New England that appropriately balances opportunity and risk; and
- 3) A stable process by which rates increase or decrease.

Key Initiatives for Affordability

1. Maximize grants awarded to the Cooperative for both electric and broadband.

NHEC continues to be engaged at the state and federal levels to try and take advantage of electric grant opportunities that offer the best value to our membership. For instance, we applied in 2023 for the DOE's ERA program (Energy Improvements in Rural and Remote Areas) which has a strong focus on promoting decarbonization in historically disadvantaged communities. NHEC will also continue to pursue Hazard Mitigation Grant Program opportunities which help to implement long-term hazard mitigation measures after a major disaster declaration to reduce future loss of life and property due to disasters.

There are many state and federal grant opportunities available for our broadband effort, which we will continue to monitor and apply as appropriate. The Cooperative has already received six grants totaling \$65.8 million (the most notably being the \$50M award in 2022 from the New Hampshire Department of Business and Economic Affairs (BEA)).

We anticipate additional grant opportunities throughout the next five years that could help offset expected expenses, offer service to underserved or unserved areas, and help increase affordability and promotion of both broadband service, as well as electric reliability and modernization.

2. Prioritize projects with strong cost-benefit return to the most members.

In addition to carefully evaluating the value of potential projects, opportunities exist to strategically purchase power through short, medium, and long-term power purchase agreements. There is no certainty in futures markets from which NHEC acquires much of its power resources for Default Service, therefore purchase agreements should be prudently evaluated. Acquiring rate stability may include paying a price premium to guard against market price volatility that may or may not occur. The higher prices we might pay entering into purchase agreements may be an insurance premium we pay for increased certainty.

This work includes updating and fully implementing analytical tools to evaluate and forecast the cost-benefit of new and existing initiatives and resources and will begin in 2024. As part of this review, staff will undertake two new planning initiatives. A short-term and long-term power procurement plan will be developed to aid in strategy and alignment in NHEC's future power procurement. The short-term procurement plan will be developed annually. Meanwhile, the long-term procurement plan will be revisited every four years at most or after any major market changes.

We will also provide necessary skills and training to staff in the Power Resources & Access Department (PR&A) to evaluate/negotiate and implement purchase planning for new resources to align with power resources strategic planning. This work will begin in 2024.

3. Maintain expense discipline

The New Hampshire Electric Cooperative has a proud history of maintaining expense discipline in operations, capital expenditures, and power resources.

During budget development, we perform in-depth reviews of departmental budgets, and controllable baseline expenses are scrutinized to identify areas of reduction through efficiency and prioritization. We routinely evaluate tactics to reduce rate pressure to meet rate trajectory targets. We acknowledge the challenge of balancing the need to fund our ongoing capital requirements and support increasing capital and operating expenses. Meeting this challenge, while maintaining the affordability of the services we provide, will require us to continually balance the strategic and operational priorities we face in determining how and when to invest in the capital needs necessary to meet those priorities.

In terms of electric service, we will encourage expense discipline by developing a hedging and risk management plan and policy for energy procurement. This plan will provide alignment in NHEC's approach for power procurement to balance rate stability with the risk of competitive supplier migration. It will also balance the risk and reward between striving for the lowest default supply rate while ensuring future market volatility doesn't negatively impact the ability for our members to budget for future power costs.

We also want to target cost containment in distribution to be within four percent (4%) of distribution expenses each year.

With broadband, we will monitor our operational and capital expenditures as our build progresses and expect to reach net income positive by the end of 2027, according to the financial model and business plan presented to the Board in January 2024.

These efforts help keep rates reasonably priced for our members and will enable New Hampshire Electric Cooperative to continue its historical position of providing essential services affordably.

4. Benchmark against other Cooperative providers of electric and broadband services

By leveraging NRTC and NRECA's Rural Electric Broadband Benchmarking Report, the Cooperative can evaluate our performance compared to other cooperatives and identify opportunities for improvement.

We can use similar benchmarking reports and our Key Ratio Trend Analysis (KRTA's), which is an annual assessment of financial trends among electric distribution cooperatives nationwide, for our distribution service.

Member Experience

We aim to provide members with service, information, education, and engagement opportunities that meet their needs while balancing financial responsibility.

Key Initiatives for Member Experience:

1. Make it Easier for Members to Get Information and Services

We want our members to understand their electric service in terms of billing, rates, fees, terms and conditions, and member responsibilities.

We also want to help members more easily request services, including new or expanded service, construction, infrastructure, disconnection, and energy efficiency, electrification, and sustainability initiatives.

It will be important to improve the means by which members communicate with the cooperative, including phone, email, social, digital, in-person, and chat/text.

When electric or broadband service to members is not available or disrupted, we want members to get timely, accurate information related to outages, system issues, and individual member services.

During the next five years, we expect to embark on the following initiatives to support members getting the right mix of information and services.

These efforts include creating a new NHEC website and redesigning both the paper and digital bill to be easier to understand by members. We also hope to shift members to rely on text messaging as the primary communication channel for outages and Estimated Time of Restoration (ETR).

We will also explore alternatives to the phone (such as video or text) as the primary channel for routine communication with member and engage members in focus groups and surveys about preferred communication channels for the next strategic plan.

2. Ensure Service Delivery Meets Member Expectations and Aligns with Cooperative's Values

Meeting the service delivery expectations of members is a fundamental goal for electric cooperatives like NHEC as it reflects their commitment to community service and member satisfaction.

Our fundamental goal as a cooperative lies in meeting the needs of our members. In that vein, the quality of service delivery indicates whether we are meeting this foundational aspiration. Good service delivery includes reducing the wait-time for information and increasing proactive “touches” to help provide members access to information they want and need. It also means getting feedback on quality of service and communication. We also want to provide both

personal and automated service options that allow members to choose how they engage with the Cooperative.

Specific initiatives in the next five years include revision of our interconnection process application and process for members who install solar and other renewable forms of generation at their home or business. Interconnect applications have grown exponentially in recent years, leading to delays in completing interconnection requests. We aim to complete a lean review of our interconnection process this year and adopt at least 50% of recommended changes by year-end.

In a similar vein, we want to transition program management, reporting, and workflow with other energy solution programs to a digital platform.

We also aim to implement a program that reduces the number of members who are delinquent more than 90 days by 15% as well as complete right-size and cost analysis of current transformer allocation and implement reallocation for commercial members with transformer wait times of more than six months. Finally, we will conduct feasibility study with members for alternative sources of power delivery during outages.

3. Continuously Strengthen NHEC Engagement with Members and Our Communities

A core strength of New Hampshire Electric Cooperative rests with our commitment, knowledge, service and engagement with the communities we serve.

To more fully realize this goal, we need to embark on a series of intentional efforts to focus on community.

For instance, we will complete six NHEC-hosted community events by Q4 2024. We then want to increase member participation by 15% in FY25 Board election compared to FY23.

We will develop strategic priorities for NHEC Foundation and improve the percentage of members in roundup by 15% over 12-month FY23 average. We will hold six board meetings outside of Plymouth each year, and complete a study evaluating strengths, weaknesses, cost, and implementation path for board membership based on district or geographical locations.

Employee Experience

Our commitment to our employees remains as strong as our commitment to our members. We want to ensure a positive experience for all staff, regardless of role or location, and foster a growth-minded culture.

Our vision is to enhance employee experience through programs promoting growth, engagement, reduced turnover, increased job satisfaction, and performance.

Key Initiatives for Employee Experience:

1. Onboarding

Comprehensive onboarding builds trust and alignment, forges and encourages open communication among employees. Engaging employees early will result in shorter learning curves and improve job satisfaction and performance.

Elements of onboarding include the creation of an Employee Handbook to provide organizational objectives and highlight best practices of the cooperative. A comprehensive orientation program will offer employees the opportunity to learn about the cooperative's mission, vision, and core values, as well as its operating processes and procedures. Monthly check-ins with new employees during their first 90 days will help ensure every new hire feels welcomed into the cooperative and promote productive conversations and goal setting.

2. Performance Management

Performance management plays a crucial role in building an organization's accountability culture. It serves as the framework that sets clear expectations, tracks progress, and provides employee feedback.

It should result in increased employee engagement and retention, strengthened internal talent pipeline for promotability and succession planning. It will also allow merit increases to be based on documented performance on an individual basis.

This work includes a Leadership Development Program to provide people leaders with tools to successfully lead, coach, and support their teams. Career Progression Mapping will aim to illustrate potential career paths throughout the cooperative based on experience and skills. Transparent career progression leads to strengthened internal talent for promotability and succession planning. It will also encourage identification of critical positions within the cooperative and the opportunity to develop action plans for future roles.

3. Creation of Diversity, Equity, and Inclusion programs

Diversity, equity, and inclusion (DEI) includes policies and programs that promote the representation and participation of diverse groups of individuals.

DEI initiatives increase employee engagement and productivity, reduce absenteeism and turnover, improve customer satisfaction levels, foster an innovative culture, and create better problem-solving abilities among teams.

More diverse teams foster more innovation. Employees with different backgrounds and perspectives help challenge the norms, uncover more creative solutions, and shine a light on blind spots.

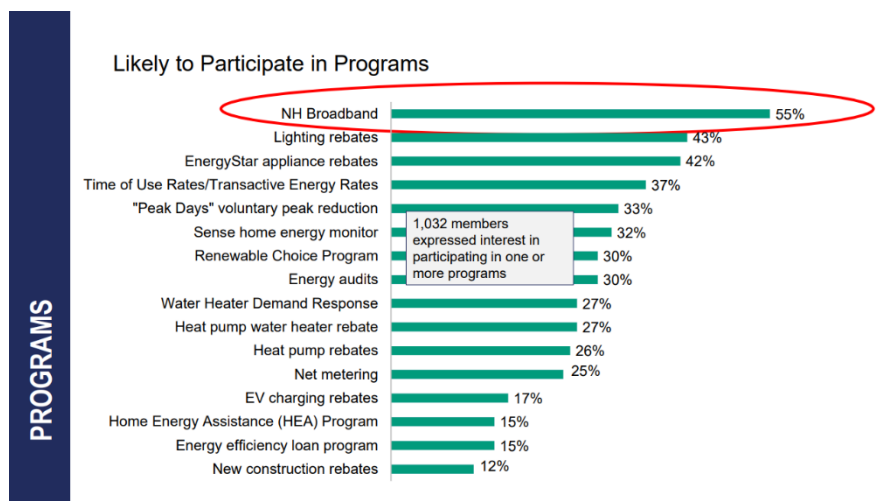
In addition, promoting and highlighting diversity, equity, and inclusion, DEI initiatives help employees feel safe, respected, and connected. Psychological safety has been identified as one of the most important factors of a high performing team. Employees who bring their whole, authentic selves to work create a stronger sense of community and increase productivity.

An inclusive culture that will foster respect, equity, opportunity, and empower employee voices by valuing the additive contribution of individuals instead of essentializing differences.

This work includes talent strategies to attract and retain top talent from varied sources to support a collaborative workforce of various perspectives and backgrounds. Employee engagement-connectivity efforts will consist of programs that align with the cooperative's strategic goals and core values and embrace an inclusive culture. We will create DEI Champions to foster relationships among employees and facilitate conversations regarding the importance of a diverse culture.

Broadband Buildout

According to the 2023 Member Survey, broadband is the program members are most likely in which to participate.



It is also the newest service offered by NHEC and the most ambitious since the Cooperative was founded in 1939. The current plan calls for the deployment of \$167 million in capital investments (including cooperative and grant funding) to build approximately 3,200/ miles of fiber that will pass over 57,000 homes and businesses.

This member-driven initiative came from an understanding that many rural areas in New Hampshire did not have access to high-speed internet, and that the New Hampshire Electric Cooperative, with its existing infrastructure and member first approach, was well-positioned to contribute to bridging the digital divide.

Our deployment, which is being undertaken via a wholly-owned, for-profit subsidiary (New Hampshire Broadband LLC) addresses the immediate need for internet access and contributes to the overall economic development of rural areas. High-speed internet is essential for businesses, education, healthcare, and various other aspects of daily life. By providing reliable broadband service, NHEC is playing a vital role in enhancing the quality of life for our members.

Our goal is to create a robust, redundant network that provides affordable broadband to all members and strengthens the electric network.

Key Initiatives for Broadband Buildout

1. Define if and where we will build broadband beyond the BEA grant area.

One of the key challenges—in addition to meeting operational goals such as miles built, homes passed, and take-rates—rests with the extent to which we will broaden coverage to unserved or underserved areas, our entire membership, or areas beyond our membership. NHEC and NH Broadband have committed to building more than 70 communities with support from federal

and state grant awards and acceptances. We will need to develop criteria that will guide our decision-making on expansion for both members and non-members. The criteria will include factors such as existing broadband availability, cost of broadband service, cost to build, and revenue potential.

NHEC continues to be engaged with the State of New Hampshire to take advantage of broadband grant opportunities to support further build-out to our members and non-members. Grant dollars assist in offsetting the high cost of building broadband service in rural New Hampshire.

It will be important to use accurate models to reflect fiber deployment costs and projected revenues to encourage better decision-making and responsibly use NHEC's resources.

Additional broadband expansion will likely add capital expenditures that might require approval from NHEC members.

2. Review organizational structure to ensure effectiveness and efficiency

As this business evolves, it will be important to review and potentially make changes to the organizational structure to reach our goals. It is important to recognize that NH Broadband and NHEC impact each other in terms of finance, governance, operations, marketing, member service, and brand identity.

Organizational structure may also be impacted as we near the end of the contract with our current internet vendor. We will also use financial models to help guide our resource discussions, expense and revenue evaluations, and assist NHEC Senior Leadership and the Board in making decisions about how best to operate NH Broadband.

3. Develop redundancy measurements for broadband network

Reliability is a critical expectation of our members, and NH Broadband and NHEC should explore strategic opportunities to develop a more reliable broadband network. Just as we offer alternative ways to distribute electricity to our members during outages, we must also find ways to improve reliability through redundant services. A dashboard of service metrics, including core network uptimes, will be developed, monitored, and utilized to ensure broadband customers receive reliable broadband services.

NHEC will also need to work with network contractors to conduct a comprehensive analysis to identify strategic opportunities for improving the broadband network.

NHEC will need to work with our primary contractor to develop a robust dashboard with key performance indicators (KPIs) for core network uptimes, latency, packet loss, and throughput. We should implement a proactive monitoring system to analyze data trends, identify potential issues, and make informed decisions for optimization.

Finally, it will be important to understand the specific needs and expectations of broadband network users through engagement surveys and focus groups. This feedback will help prioritize improvements based on user feedback to enhance overall service satisfaction. The allocation of resources for technology and infrastructure upgrades that align with user expectations will create a better customer experience and provide NHEC with the information needed to implement redundancy and reliability upgrades.