

**Approved 3/31/20**

**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.**

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

**February 25, 2020**

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 25, 2020, at the Cooperative's 287 Highland Street Office in Plymouth, NH.

Directors present were Thomas Mongeon, Alana Albee, Joan Aubrey, Brenda Boisvert, Sharon Davis, Leo Dwyer, Edward French, Carolyn Kedersha, Jeffrey Morrill, Daniel Senie, and Harry Viens. Others present were Steve Camerino, President/CEO; Jim Bakas, VP of Operations and Engineering; Mark Dean, Attorney; Drew Dunagin, VP of Financial Services/CFO; Brenda Inman, Senior Vice President; Mike Licata, VP of Member Services/Public Affairs; Pam Ouellette, Human Resources Director; Geoff Ziminsky, Director of Information Technology; Jeremy Clark, Rates and Revenue Administrator; Kristen Taylor, Rates and Statistical Analyst; Scott Davis, Power Resources Administrator; Dave Erickson, Director of Access and Distributed Resources; Rob Howland, Power Resources Executive; and Sharon Yeaton, Executive Services Administrator (recording). Ken Colburn, NRECA Director for NH, and Bill Miller, Consultant, participated via video and Brian Callnan, VP of Power Resources and Access, and Steve Kaminski, Power Planning and Policy Advisor participated via audio.

Chair Mongeon called the meeting to order at 9:00 a.m. with only Directors in attendance.

Upon motion of Mr. Senie, seconded by Mr. Morrill, it was

**VOTED:** That the Board of Directors move into Executive Session for the purpose of confidential personnel discussions.

Vote for the motion was unanimous and the board moved into Executive Session at 9:00 a.m.

The board moved out of Executive Session at 9:57 a.m. and took a brief break. The meeting reconvened at 10:05 a.m. In addition to those present prior to the recess, Messrs. Camerino, Bakas, Dean, Dunagin, Kaminski, Licata, Ziminsky, Clark, and Colburn and Meses. Inman, Ouellette, Taylor, and Yeaton joined the meeting at this time.

**Agenda Review and Approval of Minutes**

There were no changes to the agenda.

The minutes of the January 28, 2020, Board Meeting were reviewed. Upon motion of Mr. French, seconded by Mrs. Kedersha, it was

**VOTED:** To adopt the minutes of the January 28, 2020, meeting of the Board of Directors, as presented.

Vote for the motion was unanimous.

## Chairman's Report

Chair Mongeon presented the Chairman's Report, sharing praise for the Capital Credits presentation last month; following up on last month's discussion regarding individual director visits to districts and board meetings in districts, withdrawing his encouragement for director visits and noting that for now we will not plan to hold meetings in districts; discussing the use of Executive Session at the beginning of board meetings, noting this will be used on an as needed basis; calling attention to the shift back to an 8:30 a.m. start time for board and committee meetings next month; and mentioning the upcoming NRECA Annual Meeting, for which there was discussion on director attendance at TechAdvantage.

## President's Report

Mr. Camerino presented the President's Report and addressed questions. He reviewed a dashboard of key operating metrics for safety, various financial measures, service reliability and the Balanced Scorecard (BSC). He briefly discussed a variance in the 2019 year-end capital construction budget results based on allocated overheads, advising that it is within his board policy limits and therefore requires no further action by the Board. He also mentioned that management will be coming back to the board later this year with a restructuring of how the capital construction budget is presented.

## Capital Credits Policy

Mr. Camerino introduced the Capital Credits Policy discussion, noting that staff is seeking confirmation of the policy decisions discussed at last month's board meeting and is also interested in hearing from directors if there are other areas in the policy of substantive concern to the Board. He pointed to the Revised Capital Credit Policy summary sheet, Attachment #2 in the board packet, noting that this outlines the decision points and where they can be found within the policy.

Mrs. Inman mentioned that Mr. Miller worked together with staff and Attorney Dean to develop the policy and attachments being discussed today. Each of the major elements of the Capital Credits Policy were reviewed and discussed, including Allocation of Capital Credits, Retirement Amount, Date of Capital Credit Retirement, Payment and Notice of Retirement, Minimum Amount, Retirement Methodology, and Special Retirements.

There was a question regarding how allocation of capital credits is covered/addressed in a situation where a member has negative net distribution revenue associated with their account. Staff indicated they would provide clarification on this at the next meeting.

With regard to special retirements and discussion of the discount rate, it was noted that while we would not be doing a special retirement until after we have done our first general retirement, and the board could potentially revise its policy prior to a special retirement, it would be advisable to adopt a formula that the board doesn't plan to change in the next year.

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

**VOTED:** That the Board of Directors adopts the changes to Board Policy B-32, Capital Credits, as presented.

There was discussion on the discount rate for special retirements.

Vote for the motion was seven in favor and three opposed, motion carries.

Messrs. Davis, Howland, and Erickson joined the meeting at 11:03 a.m. Mr. Miller left the meeting at this time.

### **Rate Design Discussion**

Mr. Camerino introduced the Rate Design discussion, reviewing the items Mr. Clark will cover during the presentation and discussing the input we will be seeking from the board. Worksheets showing NHEC's Cost of Service Study (COSS) results were distributed.

Mr. Clark provided an update and addressed questions on NHEC's Distribution Rate Design initiative. He reviewed a timeline of the work that has been completed to date, the top five objectives identified through the CFC rate survey, and the proposed rate design guiding principles staff is proposing.

Mr. Clark next distributed and reviewed a summary CFC put together on the effectiveness of various rate designs in meeting rate design objectives. He noted that this summary is based on personal opinions considering NHEC's distribution only COSS.

Mr. Clark next reviewed the takeaways on other rate designs, including a three-part rate, a formulary rate plan, an inclining block rate plan, and subscription pricing. He also reviewed some key takeaways on current rate design and recommendations staff has reached in terms of where some changes should be made within the current rate design.

Mr. Clark reviewed the Distribution Phase 1 Rate Change Proposal, noting that this would be presented at the March Corporate Services Committee meeting. There was discussion on above the cap net metering and Mr. Clark noted that this would be discussed further at the committee meeting.

Mr. Clark reviewed the proposed rate timeline and discussed where we go from here.

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

**VOTED:** That the Board of Directors adopts the guiding principles for rate design, as presented.

Mr. Callnan joined the meeting by audio at 11:50 a.m.  
Following discussion, vote for the motion was unanimous.

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

**VOTED:** That the Board of Directors supports proceeding with the Distribution Phase 1 Rate Change proposal, as presented.

Vote for the motion was unanimous.

### **Board Committees**

Chair Mongeon drew attention to the draft minutes from the January 27, 2020, Member Solutions Committee meeting, Attachment #5 in the board packet. Upon motion of Mrs. Aubrey, seconded by Mrs. Kedersha, it was

**VOTED:** To approve the minutes of the January 27, 2020, Member Solutions Committee meeting, as presented.

Vote for the motion was unanimous.

### **Corporate Services Committee**

Corporate Services Committee Chair Kedersha drew attention to the Executive Summary and proposed resolution for renewal of Directors and Officers liability insurance, Attachment #8 in the Board packet. Upon motion of Mrs. Kedersha, seconded by Mrs. Davis, it was

**VOTED:** That the Board of Directors authorizes management to renew the D&O Insurance policy with AEGIS for \$10,000,000 coverage effective March 1, 2020.

There was discussion on the coverage level and whether it should be raised. It was agreed to put this item on the Board Tracking Report for discussion in January 2021.

Vote for the motion was unanimous.

### **Updates from other Committees**

Engineering and Operations Committee Chair Senie advised that the next committee meeting is scheduled for March 9<sup>th</sup> and the agenda will be posted in OnBoard soon.

Audit Committee Chair French noted that the audited financials will be presented at the March Audit Committee meeting.

### **Joint Corporate Services and Power Resources and Access Committee Meeting**

Power Resources and Access (PR&A) Committee Chair Viens mentioned that a joint Corporate Services and Power Resources and Access committee meeting was held yesterday and the committee was presented with a recommendation for a reduction in the Co-op Power rate. He also discussed the upcoming PR&A Committee meeting scheduled for March.

Mr. Camerino shared thoughts on yesterday's joint Corporate Services and Power Resources and Access Committee meeting, discussing the board's role as regulators and management's role to propose recommendations it feels are in the best interest of NHEC and its members. He explained why management believes its recommended approach to reduce winter rates earlier than usual better reflects the current market conditions and passes along the savings to members as soon as possible.

Mr. Camerino also addressed questions raised at yesterday's committee meeting regarding above-the-cap net metering, as well as the calculation to determine the proposed rate reduction.

Discussion ensued on the messaging to members regarding the rate adjustment. Mr. Licata explained that the message is, due to lower regional energy prices this winter, NHEC's cost to purchase electricity was lower than expected when rates were set in November and by adjusting the Co-op Power rate now, NHEC is reacting quickly to provide the lower market prices to members.

With regard to a suggestion to have a response prepared for inquiries from above-the-cap net metering members, Mr. Licata advised that a Q & A sheet has been developed.

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

**VOTED:** That the Board of Directors authorizes management to set the Co-op Power Charges as recommended in the proposal on a bills-rendered basis effective March 1, 2020.

Discussion ensued on the motion and questions were addressed.

Vote for the motion was eight in favor, one opposed, and one abstention, the motion carries.

### ***Executive Committee***

Chair Mongeon noted that the Executive Committee met yesterday and all directors were present. He drew attention to Attachment #7 in the board packet and noted that the committee recommended changes to one policy. Upon motion of Mrs. Davis, seconded by Mrs. Kedersha, it was

**VOTED:** That the Board of Directors adopts the changes to Board Policies B-2, Board Committees, as presented; and reaffirms Board Policies B-1, Statement of Purpose, Mission, Vision & Values; B-2 Attachment A, Executive Committee; B-3, Functions and Authorities of the Board of Directors; B-3 Attachment A, Qualifications, Nomination, Functions, Authorities and Responsibilities of the Officers of the Board of Directors; B-3 Attachment B, Board/Management Communications; B-4, Functions and Authorities of the President/CEO; B-9, Board of Director's Stipends and Expenses; B-31, Code of Conduct; B-36, CEO Succession; B-38, Director Electric Accounts, B-40, Nominating Committee; and B-41, Project Justification and Approval Guidelines.

Vote for the motion was unanimous.

The meeting recessed at 12:20 p.m. Messrs. Callnan, Erickson, and Howland left the meeting at this time. The meeting reconvened at 12:35 p.m.

### **Attorney's Report**

Attorney Dean advised he had no items to be addressed in regular session.

## **Board General Session**

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

Chair Mongeon drew attention to the Board Tracking Report, Attachment #9 in the board packet, and noted that an item from yesterday's Executive Committee meeting to address a couple of board policies and the D & O insurance from today's discussion will be added to the report.

### ***Committee Meetings***

Following is a list of upcoming meetings:

- Engineering and Operations Committee – March 9<sup>th</sup> at 9:00 a.m.
- Audit Committee – March 30<sup>th</sup> at 10:00 a.m.
- Corporate Services Committee – March 30<sup>th</sup>, following Audit Committee
- Power Resources & Access Committee – March 30<sup>th</sup>, following Corporate Services Committee

In response to a question, Mr. Camerino stated that the new performance management system is still being developed and we don't yet have a date to provide a briefing to the board.

### ***NRECA Report***

Mr. Colburn presented the NRECA Report, mentioning the upcoming NRECA Annual meeting and sharing some highlights from his written report that was included in the board packet.

### ***NHEC Foundation Report***

NHEC Foundation Chair Davis shared highlights on the grant provided to Russell Elementary School, referring to Attachment #10 in the board packet. She also reported on the annual mobile food pantry held in Colebrook this past Saturday, noting that between 225 and 250 families were served.

### ***Director Expense Reports***

Chair Mongeon noted that Director Expense Reports were circulated for review.

## **Executive Session**

Upon motion of Mrs. Davis, 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, contract negotiations, member-specific information, and personnel matters.

Vote for the motion was unanimous and the board moved into Executive Session at 12:51 p.m.

**Approved 3/31/20**

**Adjournment**

The board moved out of Executive Session and Chair Mongeon adjourned the meeting at 1:25 p.m.

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Joan Aubrey, Secretary

A TRUE COPY ATTEST:

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Thomas Mongeon, Chair of the Board