

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors February 25, 2025

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, 2025, at the Cooperative's 287 Highland Street Office in Plymouth, NH.

Directors present were William Darcy (Chair), Leo Dwyer, Harry Viens, Alana Albee, Thomas Mongeon, Pat Barbour, Carolyn Kedersha, Jerry Stringham, Peter Laufenberg, and John Goodrich.

Director not present: Jeffrey Morrill

Others present were Michael Jennings, Interim President/CEO; Kristen Taylor, Chief Financial Officer; Susan Lowry, Attorney; Maida Lessard, Executive Services Administrator (recording); and Madeline McElaney, NRECA Director for New Hampshire.

Chair Darcy called the meeting to order at 9:00 a.m.

Agenda Review and Consent Agenda Approval

No changes were requested to the agenda.

Chair Darcy drew attention to the consent agenda items and removed Ms. Albee's expense report as it was submitted previously.

Mr. Stringham asked for an amendment to the January 28, 2025 Board Meeting minutes to correct a tax classification from 501C3 to 501C12.

Upon motion of Mr. Mongeon, seconded by Mr. Laufenberg, it was

VOTED That the Board of Directors approve the consent agenda items as revised in the board packet.

Vote for the motion was unanimous.

Chairman's Report

Mr. Darcy drew attention to the default energy rate and the recent hearing before the legislature. The bill presented was to stop distribution utilities from charging overages or underages on the default rate to the distribution utility. The motivation for that hearing was Community Power Coalition of New Hampshire (CPCNH) and other competitive suppliers who thought there was an advantage for the distribution utilities because they could bury their losses in the distribution company and allow them to offer lower prices. Eversource has a

petition before the PUC to allow them to do this as they have lost significant load to CPCNH which has raised concerns about stranded costs and the viability of default energy as an option. Competitive suppliers want to prevent distribution utilities from purchasing from the ISO New England spot market to ensure higher default rates, making it harder for distribution utilities to compete. The PUC has moved towards recognizing that the lowest cost over time is generally achieved by resorting to the ISO New England Day-Ahead Market rather than fixed-price contracts. He noted the challenges of estimating spot prices in advance lead to potential losses or gains that affect future rates. Cold weather has led to increased kilowatt sales in December, January, and February and the energy rate of 8.1 cents per kWh has resulted in under-collection due to higher energy costs. Because of these reasons, he supports a proposal to increase the energy rate from 8.1 cents per kWh to 8.9 cents per kWh to address the under-collection issue, suggesting a mid-period adjustment now to avoid larger increases later.

Mr. Mongeon suggested that we make it a mid-rate adjustment to increase it up to 8.9 cents per kWh to give it a little flexibility.

Chair Darcy made a motion to change the energy default rate effective April 1, 2025 from 8.1 cents per kWh up to 8.9 cents per kWh for residential customers, second by Mr. Dwyer, it was

VOTED That the Board of Directors approves an increase to the Co-op Power rate effective April 1, 2025 to recover costs incurred due to high energy prices in winter months, of up to 8.9 cents per kWh for the basic residential rate classes proportionately as discussed at the February 25, 2025 Board of Directors meeting.

Vote for the motion was unanimous.

Mr. Mongeon noted that the report states \$6.6 million under recovery and asked when the numbers are finalized are they good through the end of this month.

Mr. Jennings replied that the numbers change daily and we will not have confirmation on the numbers for February until later in March when we get the ISO bills and are able to settle our metering actuals.

Ms. Barbour asked how the increased rate would be communicated to the members.

Mr. Jennings replied that it would go in the March newsletter to members.

Mr. Laufenberg asked if this rate change will be valid until the end of July and will this come up again because the spot prices could potentially spike again due to the summer weather.

Mr. Jennings replied when we forecast under collection for a rate period we typically over collect in the shoulder months and under collect in the summer months. The \$6 to \$7 million Co-op power under collection is anticipating the spike in July but is dependent on the weather.

Chair Darcy commented that the winter is hard to forecast because of the rule in New England that the natural gas energy suppliers have to back off electricity generation to make sure that their residential customers have enough natural gas for heating, which affects the prices and makes price much more weather volatile than it is in the summer.

Board Committees

Executive Committee

Chair Darcy drew attention to the changes in the board policies and the resolution in the meeting packet.

Upon motion of Chair Darcy, seconded by Mr. Viens, it was

VOTED That the Board of Directors approve the revised Board Policies B-1, B-3, Attachment A, B-3, Attachment B, B-4, and B-6 as recommended at the February 19, 2025 Executive Committee Meeting.

Vote for the motion was unanimous.

Mr. Laufenberg asked Chair Darcy if he would be making an announcement about a meeting stipend being reduced in regards to the revision of the board stipend board policy.

Chair Darcy gave two examples of meetings that the stipend should have been adjusted but because of our current policy were not. This revision gives the Chairman the authority to adjust the stipend depending on the length of the meeting and the effort required by those who attended. This will likely be communicated after the meeting , but in certain cases it will be communicated in advance when possible.

He drew attention to the next item the committee discussed which was the Balanced Scorecard. There were several revisions and a couple of additions since the committee meeting.

Mr. Jennings commented a call center metric was added to measure the average speed of answer and the second was in regards to the broadband build out capital expenditures and making sure we are staying on budget.

Chair Darcy commented the major changes from the version that the Board saw at last month's meeting was an increase in the percentage value of affordability, reliability, and broadband, which were consistent with other goals that we prioritized. The other change was we made all of the goals a more clear metric so any achievement or non-achievement is clear in the write up.

Ms. Albee commented after a long discussion about having a metrics in relation to the foundation, it was agreed to keep it, but it will be looked at in more detail again when setting the 2026 matrix.

Upon motion of Ms. Kedersha, seconded by Ms. Barbour, it was

VOTED That the Board of Directors approves the 2025 Balanced Scorecard and Success Sharing Plan as presented in the board meeting packet.

Vote for the motion was unanimous.

Mr. Mongeon commented that he echoes Ms. Albee's comments.

Mr. Stringham noted that he had a concern that the scorecard was just the number of miles, but there wasn't one on the cost per mile for the capital. If the capital piece ran over, we don't include depreciation in any of the evaluations, but in the long term having cost overruns on the build out that we depreciated over 30 years might have a significant impact. He felt there should be something in the evaluation that would cause a discussion on how well we are setting ourselves up for the next 30 years with paying off the Cap Ex that we are spending in the next year.

Member Comments

None

President/CEO Report

Mr. Jennings presented an NRECA director gold certificate to Mr. Mongeon for going above and beyond to complete continuing education credits.

He then drew attention to the CEO Report in the board packet and shared the continued success and employee participation of the Hazard ID program. He highlighted one of the winners from this past year as an employee who intervened to prevent a contractor from working unsafely near power lines.

Ms. Kedersha asked why the lost time metric increased.

Mr. Jennings replied the lost time metric is based on hours worked, so any incident early in the year is going to seem a lot worse than it is. He noted there is plenty of time to make up for that throughout the remainder of the year.

The regional access under-collection was slightly higher than expected but is anticipating a decrease by the end of the rate period.

Ms. Barbour asked if we have ever done a mid-period rate change in the past.

Mr. Jennings replied we have not done a mid-period rate increase since 2014. We have done mid-period rate decreases when planned power costs were much lower than what we expected so we refunded that money back to the members.

Mr. Mongeon asked if there are any lessons learned or anything we could have done different and apply to the future for forecasting.

Mr. Jennings commented has already made it a goal and asked the team to do better at load forecasting by possibly utilizing some of the different forecasts from ISO New England and other available data.

Mr. Mongeon asked if the PR&A group is adequately staffed.

Mr. Jennings replied he has looked at that and he wants to try and keep the costs as low as possible in that group. We utilize several contractors to assist in keeping costs low and he believes between the combination of the two we are able to meet all of the needs.

We will be hosting six external events in communities served by NHEC, focusing on both electricity and broadband services.

Updates on legislative activities include the House Bill 95 that we discussed at the last board meeting went to the floor of the legislature and was determined it would cause an additional cost to our members so they voted it to be inexpedient to legislate.

NHEC testified in opposition to House Bill 755, which would have mandated participation in a statewide TER (Time-of-Use Energy Rates) program. This would be very costly to implement and without significant benefit to the ratepayers. This will be going to the executive session of the committee for a vote in the near future.

We applied for two grants for reliability projects and distribution upgrades and we were recently notified the FLORA grant RFP has been cancelled. We are waiting to see if they reissue an RFP with new grant rules but we have not heard anything from the Department of Energy.

We have not had a response on the CESER RMUC grant that we were pre-awarded and went through the negotiation phase due to likely restructuring of grant requirements based on the new administration rules.

Mr. Mongeon commented that he feels very comfortable with how Mr. Jennings is leading things at the Co-op and offering more analysis on topics.

Ms. Taylor noted that our Director and Officers' insurance is up for renewal on March 1, 2025 and our broker recommends renewing the coverage with Aegis for \$15 million as it provides adequate coverage for NHEC and is comparable to others in our peer group. The net premium for D&O coverage came in at a decrease due to the insurance carrier's overall profitability and continuity credit. We asked them to add Upton & Hatfield as an eligible firm for this insurance policy and they have acknowledged they will be providing an endorsement to the policy to add them.

Upon motion of Mr. Stringham, seconded by Ms. Kedersha, it was

VOTED That the Board of Directors authorizes management to renew the Board of Director's D&O Insurance with Aegis for \$15,000,000 coverage effective March 1, 2025.

Vote for the motion was unanimous.

Board General Session

NRECA Report

Ms. McElaney supplied an update on the recent NRECA activities and events and drew attention to the changes in the DOE Loan Programs office and the impact on data center electricity load.

She commented that Chair Darcy and Mr. Jennings are the elected voting delegates at the 2025 NRECA Annual Member of Business meeting this year. She included the links in her report to access the resolutions and amendments to be voted on at that meeting.

She also commented that NRECA is keeping an eye on the NRECA International as a program which is a subsidiary that helps establish electric utilities in developing countries and is 60% funded by the USA.

Board Tracking Report

Chair Darcy reviewed the board tracking report and mentioned that the Executive Committee agreed to add member requests that we also want to track. This will be done on a regular basis as the need arises.

Upon motion by Mr. Goodrich, seconded by Mr. Laufenberg, it was

VOTED That the Board of Directors go into executive session for the purposes of discussion of confidential legal, litigation, and personnel matters.

Vote for the motion was unanimous.

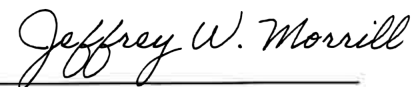
The Board of Directors went into executive session after a brief break at 10:00a.m. and Ms. McElaney left the meeting.

The Board of Directors came out of executive session at 11:33 a.m.

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

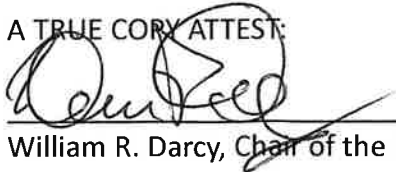
VOTED That the Board of Directors adjourn the meeting.

The vote for the motion was unanimous.



Jeff Morrill, Secretary

A TRUE COPY ATTEST:



William R. Darcy, Chair of the Board