

**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.**

**Minutes of the Meeting of the Board of Directors April 29, 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 April 29, 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 (via Teams), Jerry Stringham, Peter Laufenberg (via Teams), Jeffrey Morrill (via Teams), and John Goodrich.

Others present were Michael Jennings, Interim President/CEO; Christine Axten, Controller; 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**

Chair Darcy asked if there were any changes to the agenda. There were none.

Chair Darcy then drew attention to the consent agenda which included only the minutes from March 25, 2025 Board of Directors Meeting and asked for a motion to approve.

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

**VOTED** That the Board of Directors approve the consent agenda item as presented in the board packet.

Vote for the motion was unanimous with the exception of Mr. Dwyer who was absent.

**Chairman's Report**

Election Preparations and Candidate Review

The election process has been successfully completed. Two petition candidates met the necessary requirements and were approved for inclusion on the ballot, which was subsequently validated by the Secretary. Additionally, the Candidate Guide underwent thorough review by the Secretary, relevant staff, and the Chair and was found to be satisfactory.

During the review process, ambiguity in the standards for reviewing candidate statements was identified. The bylaws and board policies offer limited guidance on this matter. In response, the

Chair noted he submitted a memorandum to Mr. Morrill, Mr. Jennings, and General Counsel, recommending the establishment of formal policies to replace the current informal framework. Specifically, the proposed incorporating explicit criteria for the Secretary's role in modifying inaccuracies within candidate statements, with oversight from legal counsel, to ensure procedural clarity and fairness.

#### Secretary's Role in Electoral Duties

The existing bylaws stipulate that in cases where the Secretary is a candidate for reelection, the Board shall appoint a substitute Secretary to oversee electoral responsibilities. Historically, this requirement has not always been observed. To address this, the Chair recommends that formal policies be implemented to ensure adherence to this provision, with sufficient lead time for the designated substitute to familiarize themselves with relevant duties.

#### Ballot Distribution Timing

Last year, discrepancies arose between the issuance of electronic and paper ballots, with paper ballots arriving nearly a week after electronic voting commenced. To mitigate this issue, the following adjustments will be made this year:

- Electronic voting will begin on May 16.
- SBS will mail paper ballots on May 13 to ensure they arrive in closer proximity to the commencement of electronic voting.

This revised approach aims to improve consistency and minimize confusion among voters.

#### NRECA Presentation

This presentation will be deferred to next month's meeting as it has not yet been finalized.

### **Board Committees**

#### **Executive Committee**

The committee reviewed the state's 10-year energy strategy and it found that over the last three years, major stakeholders within the state have provided comments on the 10-Year Energy Strategy, with the exception of NHEC. Following discussions with Mr. Jennings and suggestions by Board members, the NHEC comments on the strategy will be developed and sent to the Board at the end of May.

#### Strategic Plan Review

In the past, strategic plan updates have been presented directly to the Board. However, detailed discussion outside of formal Board meetings may be more appropriate for a thorough

evaluation. The Executive Committee engaged in substantial deliberations on future strategic direction and asked questions about the performance on individual items.

#### Board Policy Review

Following major policy revisions in September and earlier this year, additional policies requiring review include B- 2, B-7, B- 8, B-9, B-10, B-13, B-17, B-19, B-20, B-21, and B-22.

Key considerations include:

- CEO Financial Limitations:
  - The initial proposal set a \$1M cap for capital projects, with justification required for Board review.
  - Given recent policy changes, adjustments are necessary to maintain alignment and relevance.
- Presidential Succession Planning changes needed.
  - Recent circumstances highlighted gaps in existing succession planning.
  - Committee members provided input, and formal text revisions will be prepared for next month's committee meeting.
- Executive Committee Oversight on Salary Plan Adjustments
  - Policy dictates that significant organizational changes and salary plan modifications require Executive Committee review. A previous change occurred without formal review, prompting further assessment.

Mr. Mongeon asked if the state energy plan is tracked.

Mr. Jennings replied that it's something that people don't often follow or adhere to after it's created, but looked at as more of a guide.

Chair Darcy commented that the challenges with the ISO New England plan are mainly driven by Massachusetts, Rhode Island, and Connecticut which have different policies than New Hampshire does. The other states prioritize carbon reduction and clean energy whereas New Hampshire has historically focused more on reliability and affordability.

Key Issues at Play:

- Policy Influence: The structure of ISO New England means that policies from states with aggressive climate goals can indirectly shape energy costs and availability for New Hampshire.
- Advocacy Efforts: New Hampshire's energy plan includes measures to minimize the negative impact of ISO New England's broader regional policies.

- Legislative Action: A bill currently under review in the New Hampshire House calls for a reexamination of the state's membership in ISO New England, exploring whether withdrawal could insulate ratepayers from costs associated with regional environmental policies.

Mr. Goodrich commented that some states with net-zero carbon targets by 2050 are beginning to adjust their plans, acknowledging that the technological and economic feasibility of such goals may require modifications.

#### **E&O Committee**

Mr. Goodrich requested a revision to the minutes on the last sentence on page 2 of the April 8, 2025 E&O Committee Meeting minutes to change the word installation to insulation.

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

**VOTED** That the Board of Directors approve the revised April 8, 2025 E&O Committee Meeting minutes.

Vote for the motion was unanimous.

Mr. Mongeon asked for a motion to approve the changes in board policy B-2, Attachment C as recommended by the E&O Committee.

Upon motion of Mr. Goodrich, seconded by Mr. Viens, it was

**VOTED** That the Board of Directors accepts B-2 Attachment C– Engineering & Operations Committee, with changes as presented at the April 8, 2025, Engineering & Operations Committee meeting.

Vote for the motion was unanimous.

#### **Capital Construction 2024 Year End Budget**

Mr. Jennings drew attention to the presentation in the board packet which also includes the summary and noted that approval is not needed since it is under budget.

Ms. Albee asked why there is a wide variation between the budget and expenditure in some items when looking at the detail.

Mr. Jennings commented only the line items that were way off were highlighted in the report and some of those items are based on equipment failures and can fluctuate, and some items are based on new service demand. It is reviewed every year to ensure accuracy, but some items are just the nature of the beast.

Ms. Albee asked if system improvements are being held back because of major cost overruns in large system upgrades and is there a link between the low expenditure on system improvements and the over expenditure on large system upgrades that have happened in previous years.

Mr. Jennings replied there is not a link between it and this year, however, sometimes there will be a need to manage the way the budget is going due to unexpected circumstances and utilize another category. Typically, the board is alerted to this and may be asked to authorize additional money to continue with the projects. Delays are more related to easement and permitting issues and not related to supply chain issues.

Ms. Albee asked why major outage events were not included in the CAIDI numbers as it is one of our major indicators, and do we have any way of knowing how the restoration efforts are doing.

Mr. Jennings replied it is looked at with and without major storm and from a benchmarking standpoint, we exclude major storms because that's what all other utilities do. When it comes to reliability projects, and how we can improve for the members, we include major storms. When reporting to the board on the dashboard, major storms are excluded. It is difficult to measure individual success of restoration efforts, so we tend to compare against how other utilities are doing.

Mr. Mongeon asked if we have to provide the PUC with plans for storm readiness even though we are not regulated and do they track and follow up on storm response.

Mr. Jennings replied yes, they still require us to provide them with plans for storm readiness every year, and they usually will only follow up on storm responses if there is an issue.

#### **Budget, Finance and Rates Committee**

Mr. Stringham asked for a motion to approve the March 14, 2025 Budget, Finance, and Rates Committee Meeting minutes.

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

**VOTED** That the Board of Directors approve the March 14, 2025 Budget, Finance, and Rates Committee Meeting minutes as presented in the board packet.

Vote for the motion was unanimous with the exception of Mr. Dwyer who was absent.

**Audit Committee**

Ms. Albee gave an update on the Audit Committee Meetings from March on the external audit and April for the recommendation of the Form 990. She asked for a motion to approve the 2024 Form 990.

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

**VOTED** That the Board of Directors accepts NHEC's 2024 IRS Form 990 as presented.

Vote for the motion was unanimous.

Ms. Albee asked for a motion to approve the audit committee policies that were reviewed.

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

**VOTED** That the Board of Directors reaffirms Board Policies B-12 Audit Policy; B-16 Records Retention and Destruction; and B-18 Safeguarding Member Information; and accepts B-2 Attachment D – Audit Committee, with changes as presented at the April 18, 2025, Audit Committee Meeting.

Vote for the motion was unanimous.

The committee agreed to extend the current external auditor for a further two years, bringing the current external auditor to five years, and then to rebid for the contract, beginning with the audit year 2027.

The job description for the new internal auditor executive staff position was shared and it was requested to strengthen their role in risk oversight in ERM.

It was requested that the committee look into initiating a review of independent financial controls that will be further discussed in executive session.

Mr. Mongeon thanked Ms. Albee for moving the process along to look at the financial internal controls.

### **Member Comments**

There were none.

### **President/CEO Report**

#### Safety Update

The seasonal risk of tick exposure is notably high this year. Recommended precautions include:

- Wearing light-colored, long-sleeve clothing and tucking pants into socks and boots.
- Using tick repellents, particularly Permethrin on clothing (allowing it to dry before wearing).
- Conducting regular tick checks and visually inspecting clothing and exposed skin.
- Removing ticks properly using tweezers or tick spoons to prevent disease transmission.

#### Financial Overview

- Due to colder-than-average weather, revenue trends remain favorable.
- February recorded 100 million kWh sales, the highest on record.
- The recent March ice storm resulted in higher-than-budgeted O&M expenses, primarily storm-related.
- Net margin remains positive by \$5.7 million despite increased expenditures.
- Budget reviews are underway to fine-tune forecasting for next year.

#### Reliability Metrics

- The March storm impacted reliability indices, reducing overall performance metrics.
- While the storm did not meet the exclusionary threshold, it had a significant impact.
- Pre-staging efforts exceeded standard response levels, ensuring preparedness for worst-case ice storm scenarios.
- Comparative response levels were aligned with other utilities, maintaining effective service restoration strategies.

Mr. Dwyer asked if the increased revenue is up by \$1.2 million and expenses are up by \$1 million, it should wash but the margins are still up.

Mr. Jennings will follow up with finance and follow-up.

Ms. Barbour asked if our reliability statistics are available to members.

Mr. Jennings replied they are not widely published beyond the board meetings, but member requested data on local reliability is provided upon request. Public disclosure is limited to prevent competitive misuse.

#### Power Supply

- ISO New England has implemented a new day-ahead ancillary service market to cover ancillary service costs. Ancillary services include generation contingency reserves, replacement energy reserves, and energy imbalance reserves.
- Initial costs have been significantly higher than ISO's original forecasts. The financial impact on the cooperative remains uncertain, pending further data collection over the coming months.
- ISO New England is transitioning from a three-year forward capacity to a seasonal prompt market.
- The new model aims to improve accuracy in capacity procurement by aligning commitments closer to actual demand.
- The previous three-year model faced challenges in ensuring capacity availability when needed.
- Other ISOs have successfully implemented seasonal prompt markets, reducing risks associated with long-term forecasting.
- ISO New England maintains frequency regulation by sending control signals to generators participating in the market. The Moultonborough battery bank is actively involved in frequency regulation efforts.
- The Public Utilities Commission (PUC) conducted its annual review of Class 3 REC requirements (include landfill gas and biomass sources) for the Renewable Portfolio Standard (RPS).
- The statutory requirement remains at 8%, but the PUC has historically reduced it to 0.5–1% annually.
- Following increased comments from generators advocating for full compliance, the PUC set the 2025 requirement at 1% which impacts REC costs by approximately \$53,000 for the year.

Chair Darcy commented that the stats in the report showed that eight ski resorts in the last month used 19% less power but over the three-month period, they were actually above budget. He asked if this was due to the weather conditions in March.

Mr. Jennings replied ski resorts tend to use up their snow making budget in the beginning of the season instead of towards the end as they rely on existing snowpack.

Mr. Dwyer asked if we own any capacity that becomes less valuable.



Mr. Jennings replied the cooperative holds minimal capacity assets, with limited exposure to valuation shifts under the new market structure.

#### Communication

- The new website was successfully launched and a search feature has been added to improve navigation.
- Initial analytics suggest increased user engagement, though further monitoring is needed.
- A new digital process for interconnection for solar and battery installations has been implemented, improving accessibility for members.
- AI applications for interconnection evaluations are being explored.

#### External Events

- Supervisor accountability training was conducted as part of the cooperative's quarterly leadership development sessions.
- Attended new CEO orientation at NRECA headquarters, networking with 40 cooperative CEOs and industry leaders.
- Participation in two new working groups:
  - Northeast Utility Risk/Hazard Working Group
  - NEPPA Safety Group (collaborating with safety professionals across NEPPA-affiliated organizations)
- An off-site cybersecurity tabletop exercise was conducted, testing response strategies against simulated incidents and reinforcing the importance of continuous cybersecurity vigilance, emphasizing employee training and proactive prevention measures.

#### Internal Events

- Two all-employee off-site meetings were held, providing an opportunity to reinforce organizational direction and address employee concerns. District visits are scheduled for those personnel who were not able to attend the off-site meetings. Off-site meetings will be held twice a year along with updating staff at the holiday breakfast and safety fair.
- Annual meeting at the Owl's Nest Resort in Thornton on June 17<sup>th</sup>. Activities will be available for members and their families, including swimming, pickleball, tennis, and golf. We are more than half way to our sponsorship goal.
- NHEC hosted a quarterly apprentice lineworker training class at our Plymouth campus, normally held at NEPPA headquarters in Littleton, MA. NHEC Operations and NEPPA leadership agreed to pilot a training session in New Hampshire to explore the possibility of a more permanent training area in northern New England.

Mr. Jennings then drew attention to the resolution in the packet to appoint ballot tellers for this year's election process. These tellers are only used in the event there are discrepancies with any ballots.

Upon motion of Ms. Barbour, seconded by Mr. Viens, it was

**VOTED** That the Board of Directors approve the appointment of the 2025 Ballot Tellers in accordance with Article III, Sections 4, 5 and 7 of the New Hampshire Electric Cooperative's Bylaws the ballots shall be opened and counted in the manner to be designated in the annual meeting notice, by a committee of tellers as appointed herewith:

NHEC Employees: Seth Wheeler (Chair), Maida Lessard, Shayna Williams, Maria Stella; and Survey and Ballot Systems Employees: Kyla Erickson, Tiffany Perdue, Kristin Bunkenburg, Jenny Gerling, Erika Ambourn, Paula Allevan, and Marylee Horstmann.

Vote for the motion was 7 in favor, 4 abstained (Mr. Goodrich, Ms. Albee, Mr. Mongeon, and Mr. Laufenberg recused as they are on the ballot for election)

Chair Darcy drew attention to the resolution in the packet on capital credits that states we will not be providing capital credit distribution to members in 2025 as there are large capital projects on the broadband and electric side which affect our equity to assets ratio.

Upon motion of Ms. Barbour, seconded by Mr. Viens, it was

**VOTED** That the Board of Directors approves the allocation of 2024 margins in the amount of \$6,833,751 and has elected to suspend the retirement of capital credits in 2025.

Vote for the motion was unanimous.

Mr. Mongeon asked if it is in our long range forecast as to when NHEC is anticipating returning equity to the members again.

Mr. Jennings replied we have been handling it on a year by year basis but we can project when we would recommend to start returning capital.

Mr. Mongeon asked why TIER has been running low and do we have any loan covenants.

Mr. Jennings replied it was because the amount of interest expense we've had has increased significantly as we do the broadband build out. There are no loan covenants that depend on TIER numbers for us.

## **NRECA Report**

Ms. McElaney drew attention to her NRECA report in the board packet and highlighted the following.

- The April board meeting focused on the annual review of strategic priorities and a tabletop exercise on the board doing a SWOT analysis. The senior leadership team does a SWOT analysis prior to the meeting and the results are compared and applied to the strategic priorities.
- The 2025 strategic priorities are: support for rural communities and electric cooperatives, ensuring affordability and reliability, solutions to members, collaboration, and the value of membership.
- The Business Technology Services (BTS) of NRECA is working to improve visibility and accessibility for technical services and support resources on their website.
- NRECA is currently being targeted by phishing scams due to its large retirement service operations.
- Employees are advised to remain vigilant, particularly regarding social media scams claiming former employees may be “owed money.”
- Major USAID funding for NRECA International ended on January 27th, leading to stop-work orders for several projects and necessary staffing adjustments, however, the organization remains on target to meet its budget due to alternative revenue streams.
- NRECA International is also searching for a replacement for Dan Waddle who is retiring.
- Board members attended a condensed version of the Touchstone Energy Service Excellence training, designed to enhance cooperative engagement and service quality, and is highly recommended for cooperative employees and boards.
- The annual legislative rally is currently underway in Washington, D.C.

#### Letter to Governor Ayotte

Chair Darcy commented that NRECA provided a template for boards to submit input to their governors regarding NTIA’s broadband funding process. He and Mr. Jennings used this template and sent a letter to the Governor of New Hampshire emphasizing the need to eliminate non-essential contractual requirements unrelated to fiber deployment and avoid delays in grant distribution. He mentioned NTIA has instructed states to pause actions until mid-May for further federal guidance and granted states a 90-day extension before they hand out awards.

Mr. Jennings commented he is concerned about what will happen to FEMA funding as cooperatives rely on FEMA for disaster assistance for infrastructure recovery following major

storms. Reimbursement timelines have been very lengthy, but Co-ops do end up getting their money.

Board Tracking Report

No changes or additions.

Board Calendar

Ms. Albee asked that an Audit Committee meeting be added on the calendar for August 15<sup>th</sup> and October 17<sup>th</sup> at 9:00 a.m.

NHEC Foundation Report

Mr. Viens reported a meeting was held on March 18<sup>th</sup>. There were 21 applications for grants submitted, 8 were new people, and 13 were repeats. The total for all grants submitted was \$130,000 and they granted \$44,000.

A meeting with the investment advisor on the accounts and the investment strategy will be scheduled soon.

Ms. Albee asked if the strategic discussion is leaning towards some of those areas where our low-income members suffer most.

Mr. Viens responded that they try to get applications balanced across different regions, but it is difficult. We have guidelines established on the kinds of things we support and the current model focuses on spreading the funds in a diversifying effort rather than on particular objectives.

Mr. Mongeon suggested doing a PESTLE model and take the time to gather information through survey groups and make some changes.

Mr. Dwyer asked what the total amount is collected through the round up program every year.

Mr. Viens didn't have that information but he will look into it.

Chair Darcy asked for a motion to go into executive session.

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

**Approved 5/27/25**

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 10:29a.m. and Ms. McElaney left the meeting.

The Board of Directors came out of executive session at 12:57 p.m. A motion was made to close the public session by Mr. Viens and seconded by Mr. Mongeon, and unanimously approved.

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Jeff Morrill, Secretary

A TRUE COPY ATTEST:

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William R. Darcy, Chair of the Board