

**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.**

**Minutes of the Meeting of the Board of Directors March 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 March 25, 2025, at the Cooperative's 287 Highland Street Office in Plymouth, NH.

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

Director not present: Leo Dwyer

Others present were Michael Jennings, Interim President/CEO; Kristen Taylor, Chief Financial Officer; Todd Fahey, Attorney; Maida Lessard, Executive Services Administrator (recording); Madeline McElaney, NRECA Director for New Hampshire, and Terry McMichael, of McNair, McLemore, Middlebrooks & Company, LLC.

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

**Agenda Review and Consent Agenda Approval**

Chair Darcy made an amendment to the agenda requesting the board go into Executive Session board only with the auditor after he presents his report.

Chair Darcy drew attention to the consent agenda items and asked for a motion to approve.

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

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

Vote for the motion was unanimous.

**Chairman's Report**

Chair Darcy reported that the new administration is strongly advocating for a gas pipeline from New York to New England which the President, Energy Secretary, and Treasury Secretary have emphasized as a priority. The proposed pipeline is expected to reduce inflation and significantly lower energy costs in New England.

The energy bill previously discussed as a concern in the last board meeting was voted down by the Science, Technology, and Energy Committee. A remaining concern is how the utilities in New Hampshire handle default energy customer under-recovery payments.

Chairman Vose of the Science, Technology, and Energy Committee emphasized cost-saving benefits for New Hampshire's electric customers, making the bill's rejection a positive development.

Pending changes to the BEAD program were discussed at the NRECA convention. One change that is likely not to affect us is not including climate resiliency studies, workforce and employment matters as this has very little to do with the building of fiber broadband. The other change that would be harmful is if they changed the requirements for the application to allow the low Earth orbit satellites such as Elon Musk's Starlink as this could result in a re-bidding process.

## **Board Committees**

### Executive Committee

Chair Darcy asked for a motion to approve the February 19, 2025 Executive Committee Minutes.

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

**VOTED** That the Board of Directors approve the minutes of the February 19, 2025 Executive Committee Meeting as presented in the board packet.

Vote for the motion was unanimous.

Chair Darcy noted an Executive Committee meeting will be scheduled for next month to review some board policy changes.

### Budget, Finance & Rates Committee

Mr. Stringham drew attention to the Equity Management Plan.

The plan was reviewed with the proposed changes to the equity target range. It was initially suggested to lower from 30-50% to 25-45%, but updated financial results show 32.08% equity, indicating no need for modification.

Mr. Stringham asked for a motion to approve the Equity Management Plan as modified through attachment 2, with attachment 3 and beyond included as supplemental information as presented to the committee at the March 14, 2025 meeting.

Ms. Taylor commented that as part of the annual review and update of the equity management plan, staff proposed changes to the financial goals. The equity target goal of 30 to 50% was proposed that we move back to 25 to 45% due to the capital needs and what our equity percentage is going to drop down to in the coming years. The actual results were updated through 2024 and then January of 2025 and our projected equity percentage at the end of 2025 is now 32.08% so it is recommended that we keep the equity target range as it is at 30 to 50% as it would seem premature to move that range down at this time.

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

**VOTED** That the Board of Directors approves the Equity Management Plan as modified through Attachment 2, with Attachment 3 and beyond included as supplemental information, as presented to the Budget, Finance and Rates Committee meeting held March 14, 2025.

Vote for the motion was unanimous.

Mr. Stringham drew attention to the approval of the success sharing incentive based on the achievement of 78% of the established 2024 balanced scorecard goals, the committee recommends the approval of the total payment of \$439,571 to eligible individuals.

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

**VOTED** Based on achievement of 78% of the established 2024 Balanced Scorecard (BSC) goals, the Board of Directors authorizes the payment of \$439,571 to eligible individuals in accordance with the provisions of the NHEC Success Sharing Plan.

Vote for the motion was unanimous.

Mr. Stringham then drew attention to the approval of the policy reviews that were reviewed by the committee and minor additions and corrections that were made and included in the board packet.

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

**VOTED** That the Board of Directors reaffirms Board Policies B-2, Attachment B (Budget, Finance and Rate Committee) and B-14 Capital Credits with Attachments A-C, and approves of the changes proposed to B-11, Default Service Power Procurement & Risk Policy and B-15 Equity Management Policy as presented to the Budget, Finance and Rates Committee meeting held March 14, 2025.

Vote for the motion was unanimous.

Chair Darcy noted two of the policies that had changes was Board Policy B-15 on equity management and the reasonableness of rates the impact of the rates on members was added. On the cost of service studies, it was noted that this should not determine our rates, but should assist in making the balance between the various rate categories.

The other change was in the Board Policy B-11 on default energy and risk which also has significant changes that allocates authority to the CEO and to the Board of Directors in a reasonable way that is agreed by everyone.

Mr. Stringham drew attention to the final topic discussed that dealt with lender strategy as NHEC currently borrows in excess of \$200 million and it is expected to grow. We have a solid and critical relationship with CFC lending, however, having long term strategies including having multiple lenders in the future were discussed.

#### Audit Committee

Ms. Albee drew attention to the March 21, 2025 Audit Committee Meeting and noted the internal audit of financial controls was presented and a memo presented by her and Mr. Jennings on the internal audit. Recruitment is in process for a new internal auditor who will report to the CEO and will review systems and procedures. An additional audit meeting in August may be necessary to update the committee on the update of the internal audit objectives plan and tracking that will be done. All NHEC procedures are on track to be updated by June 2025 and be reported on at the additional August meeting. A cyber update was reviewed that provided an outline of the overall cyber audit system and schedule as well as details on our risk register and dashboard.

The next meeting is scheduled for April 18, 2025 to approve the Form 990 Report and review policies.

The committee also recommended the approval of the external audit.

Mr. McMichael gave an overview of the external audit results after reviewing internal controls, books, records, and supporting items and determined the financial statements were materially correct and a clean opinion was given.

Chair Darcy stated he was satisfied with the modifications that were made and noted some questions can be asked in the public session while the executive session with the auditor is for anything he would like to discuss without staff.

Mr. Mongeon asked the auditor to share the reason why his organization is not offering an opinion on our internal controls.

Mr. McMichael responded that even though his organization looks closely at internal controls, they do not issue an opinion on whether they are functioning properly. In most cases an independent third party or another firm would be used to issue an opinion about financial controls and if they are functioning properly.

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

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

**VOTED** That the Board of Directors go into executive session board only to discuss confidential matters.

Vote for the motion was unanimous.

The board moved into executive session at 9:27 a.m. and returned into public session at 9:36 a.m. and Mr. McMichael left the meeting.

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

**VOTED** That the Board of Directors accepts the 2024 audited financial statements as presented at the March 21, 2025, Audit Committee meeting by McNair, McLemore, Middlebrooks & Company, LLC.

Vote for the motion was unanimous.

Mr. Laufenberg asked how long this firm has been the auditor for the Co-Op and do we rotate auditors every so many years.

Chair Darcy replied we have used this firm for three years and a discussion will take place about using someone different in the future.

Mr. Goodrich acknowledged Ms. Taylor for a clean audit result.

## **Member Comments**

None.

### **President/CEO Report**

Mr. Jennings noted that March is national Ladder Safety Month and reviewed some safety tips when using a ladder.

He provided an update on the FEMA claims and included a table in his report that summarizes them all individually. He noted that the timeline for reimbursement can take up to 3 to 4 years so the claims still outstanding is not unusual. We are expecting approximately \$7.8 million in receivables from the claims if we receive the full 75% reimbursement which we believe we will get.

Ms. Albee suggested the board receive another FEMA update before the end of the year.

Ms. Taylor commented if there are any updates as far as payment received it will be included in the financial update for that month.

Mr. Laufenberg asked how the expected FEMA payments show on the financials.

Ms. Taylor replied they have been booked as a deferred debit on the balance sheet to offset the expense.

Mr. Jennings reported that the Co-Op received the first ever silver communication award from NRECA this past month for our 2024 strategic plan publication. He recognized the communications department for their hard work and for doing a great job on this publication and others.

He commented that the Co-Op missed the Alton Winter Carnival event due to a significant snowstorm, but we will be attending the National Night Out event in Thornton this year to help raise awareness of these community events and explain to our members what the value is of being part of a cooperative.

He reported that the SCADA system improvements continue to be a success. Last week a transmission provider feed outage affected 2,043 members at the Lee distribution point. The estimated restoration time given was within one hour, however, the Co-Op immediately transferred this load to adjacent substations via recently installed SCADA devices. Restoration efforts were fully restored in under 30 minutes to the Co-Op's members affected.

Ms. Barbour asked what percentage of our system has those kinds of switches.

Mr. Jennings replied he will get the percentage of what we can restore from a transmission provider outage as there are a number of locations that don't have ties to transmission providers.

Mr. Goodrich asked if the switches are mostly automatic.

Mr. Jennings replied for a fault, they respond automatically but to reconfigure it is all manual controlled remotely.

Chair Darcy asked if switching power from one area to another, does it create any reliability vulnerability in the areas where power is switched from.

Mr. Jennings replied that it could, however, we provide alternate configurations in order to be able to feed it reliably. The default configurations don't normally support that, so we have a second set of settings we use.

He also noted that significant portion of the DER interconnection process went live so we are now using the program management portion of NISC to process those applications and move that workflow digitally. This will allow members to easily apply for solar interconnections and DER interconnections on the system.

He mentioned the Northeast Association of Electric Cooperatives and the need to nominate someone as a voting delegate. There are no specific requirements, but he wanted to offer it to the board if there was any interest.

Mr. Goodrich asked if we are net borrowers or contributors when we share employees with municipalities for outages.

Mr. Jennings replied that last year we were probably a contributor, but it depends on the year.

Mr. Mongeon asked the question again about the bandwidth requirements to access our new website and would it be significantly increased which could possibly pose a problem those members with low bandwidth connections.

Mr. Jennings will look into that but a lot of work went into optimizing the site for mobile use so the bandwidth is probably low enough that it can be easily viewed on mobile devices.

Mr. Mongeon commented that the transmission costs went up quite a bit and the power costs went down and he asked if this is due to RNS, LNS, or both.

Mr. Jennings replied it's a significant portion of both as transmission projects are getting more expensive. There are some arguments between the OCA of NH and the OCA of Maine and Eversource about transmission projects. They are saying that the investor-owned utilities are trying to gold plate through an asset condition program, but the way the systems currently designed through ISO New England, those projects and the spending have been determined to be justified. We continue to see these large increases through the RNS transmission process through ISO New England.

### **NRECA Update**

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

NRECA has been actively meeting with new leaders in the Trump administration and continue advocating for electric cooperatives.

Hydro Quebec tariffs were a key topic at the annual meeting, with potential impacts on New England energy rates.

NRECA sponsored an exclusive event with Politico in Washington, featuring key speakers.

The Power Exchange took place in Atlanta, GA, with approximately 5,300 registrants.

Leadership transitions included Tony Anderson stepping down as board chair, and replaced by Mike Partin, with Marty Littrel elected as Secretary-Treasurer.

The Youth Leadership Council continues to engage students in cooperative development, and New Hampshire is encouraged to consider future participation.

She accepted the Curtis Wynn Diversity Award on behalf of Alyssa Clemson Roberts.

Chair Darcy commented that the presentations from the conference were not available on-line.



Ms. McElaney replied she received an email that they were now available.

Chair Darcy commented that he had the chance to speak with the chief banker of CFC, Joel Allen and he, Mr. Jennings, and Ms. Taylor had dinner with their underwriter, and they were all very enthusiastic about doing business with us.

He was also surprised how robust some of the middle mile networks are even though it takes a long time to make them lucrative but there are some benefits.

He also asked if anyone had solved the dilemma of providing a way for seniors and others that are not tech savvy to replicate their cable channels by streaming. There was a president of a cooperative in the room that has an advanced program on this and he shared some information and slides they have used at educational seminars they hold.

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

Upon motion of 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.

After a short break, the board went into executive session at 10:20 a.m.

Mr. Stringham and Ms. McElaney left the meeting.

The board returned to public session at 11:25 a.m.

Chair Darcy noted that a director was asked to serve on a municipal utility board in New Hampshire. He asked for a motion to have the matter resolved by consultation between the general counsel and the CEO who will present the results to the director as to whether it is a conflict of interest.

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

Approved 4/29/25

**VOTED** That the Board of Directors turn the matter over to the general counsel and the CEO for consultation who will present the results to the director as to whether it is a conflict of interest.

Vote for the motion was 9 approved and 1 abstention (Director Goodrich).

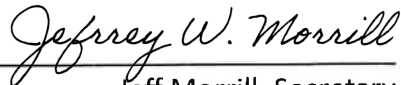
Upon motion of Mr. Laufenberg, seconded by Mr. Viens, it was

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

Vote for the motion was unanimous.

The board went into executive session board only at 11:27 a.m. and returned to public session at 11:42 a.m.

Chair Darcy adjourned the meeting at 11:42 a.m.

  
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Jeff Morrill, Secretary

A TRUE COPY ATTEST:

  
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William R. Darcy, Chair of the Board