

Approved 7/29/25

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors June 24, 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 June 24, 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 (via Teams), Pat Barbour, Robert MacLeod, Jerry Stringham, Peter Laufenberg, Jeffrey Morrill (via Teams), and John Goodrich.

Others present were Michael Jennings, Interim President/CEO; Todd Fahey, Attorney; Josh Mazzei, VP of Operations; Kristen Taylor, Chief Financial Officer (via Teams); John Geronaitis, Vegetation Management Supervisor; Maida Lessard, Executive Services Administrator (recording); Nancy Isikoff and other NHEC Members.

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

He drew attention to the NHEC members present and announced we would hear Member Comments first on the agenda.

Member Comments

Mr. Jennings introduced Mr. Mazzei and Mr. Geronaitis to the members as they will be addressing the concerns of how we apply herbicide.

Mr. Mazzei explained why we need to do vegetation management at NHEC. The lines that distribute electricity to all of our members are high voltage and they cannot come into contact with any vegetation for safety reasons. It also helps prevent outages by preventing vegetation from coming in contact with the lines as well as having a clear pathway underneath these lines helps facilitate the rapid restoration of the lines should there be an outage. Spraying with herbicide is not the only form of vegetation management we use, however, it helps to control the growth of the tall, rapid growing woody species and is selectively applied to the area under the lines using a backpack applicator with a small tank misting the plants with about 0.6 gallons per acre of activity.

Mr. Geronaitis emphasized the role of herbicide (chemical control) as one of the key tools alongside mechanical control (cutting). The long-term goal of the Integrated Vegetation Management program is to promote biological control, encouraging the growth of desirable, low-growing vegetation that does not interfere with utility lines and naturally suppresses undesirable species. The program operates on an 8-year cycle, with annual cutting followed by herbicide application the following year. A detailed plan is developed and approved before any application. Public notifications are issued through town postings and newspapers. And at least 10 days prior to application, all property owners within 200 feet of the treatment area are notified, regardless of whether they have opted out. New Hampshire

Electric Cooperative (NHEC) allows members to opt out of herbicide treatment, and efforts are made to collect these requests early in the year to avoid confusion. Herbicide is applied using a low-volume foliar spray, targeting specific undesirable species. Applications are conducted by licensed pesticide applicators, typically in small teams using backpack sprayers and no aerial spraying is used. All applications follow state-mandated setbacks from water sources. For public wells, setbacks range from 250 to 400 feet, depending on well type, for private wells, while the state does not mandate a specific distance for application, NHEC enforces a minimum 25-foot buffer. A 25-foot buffer is also maintained for surface waters (lakes, streams, swamps) during both application and mixing/loading.

Mr. Jennings commented that NHEC strictly follows all state and federal standards for herbicide use. The selection and application of chemicals are guided by scientific research and regulatory compliance. For example, one active ingredient currently in use, fosamine, has been shown in some studies to reduce cyanobacteria blooms in lakes.

In response to concerns raised by the White Oak Pond Association regarding herbicide use on Perkins Lane, he decided to exclude that area from treatment, mirroring the opt-out policy available to individual members. Most herbicides are pre-mixed or mixed at a central facility in Northfield, not at the application site. This minimizes the risk of spills, and no known spills have occurred during recent operations. In the event of a spill, the organization follows state-mandated procedures for mitigation and reporting.

A member asked for confirmation that the Co-op would not spray herbicide application if a water body was less than 25-feet away.

Mr. Geronaitis replied if a right-of-way falls within this buffer, mechanical methods are used instead of chemical treatment.

Ms. Isikoff commented she appreciates how critical vegetation management is and what NHEC does. She voiced her concern about following the regulations that the state puts out as they are outdated in terms of the science of cyanobacteria. She suggested that NHEC hear from a limnologist who is an expert in water and understands the potential impact of some of these herbicide applications on the water. Spraying aerosol sprays near the water could run off the plants during rain water into our lakes or streams that flow into the lakes. She asked how it is determined which herbicides to apply.

Mr. Geronaitis responded NHEC is required to list any herbicides we might use on the permit. Depending on the makeup of the vegetation depends on what we apply and the technique we use. If it is a real rainy year, we won't spray in the rain. If it is late in the year, we will switch over to a cut stump treatment which is used after crews have completed cutting, the individual stumps will get sprayed.

Chair Darcy noted that there are expert staffs on both the state and federal government level on the composition of sprays that rule on our permits on a regular basis. We rely on the expertise of the regulatory agencies that exist and we have no reason to believe there is irreparable harm being created anywhere within our service area. We also have to take into consideration our members who are concerned with affordability and reliability and we weigh those in all of our decisions as well. We will

continue to consider this and there will be another presentation before the town next Monday.

Mr. Laufenberg asked how much of the herbicide sprayed washes off if it should rain.

Mr. Geronaitis replied little to none as it is absorbed into the plant due to a substance used that helps the herbicide penetrate the waxy cuticle and absorbs into the plant. We use persistent herbicides and non-persistent herbicides which are used in the right ways.

Mr. Dwyer asked why we allow for a member to opt out.

Mr. Jennings replied it is member choice and best practice in the industry as many other utilities allow for opt outs.

Mr. Goodrich commented he has a neighbor who is a hard environmentalist, and he is next to a 10 acre pond, his water well is nearby as well as a garden so that would be a reason to opt out.

Mr. Dwyer commented that the idea of not spraying within so many feet of a water source is indicative of some uncertainty.

Mr. Mongeon asked if the Co-op could do a study looking into the option of extending the buffer around the watershed areas to determine the impact, cost of doing more mechanical trimming and potential reliability and what the timeline would be.

Mr. Jennings replied we can look into it but it would be based on the quality of the mapping data. The permitting process takes a long time because they can't just go off the maps, it requires a lot of in depth analysis to look at every single property in detail to determine where we can spray and where we can't. He cannot give a timeline right now as it entails looking at 5,500 miles of right of way.

Mr. Mongeon suggested to focus on some sample areas and take small samples to give us an idea and be a little bit more informed.

Chair Darcy replied that would be considered.

A member present voiced his disappointment at what appears to be a peremptory dismissal of very legitimate concerns. He feels he and the other members in attendance are doing battle with some multinational corporation devoted to profit. He stated the opt out option is ineffective as members don't know they have that choice. He also feels the response is a very cavalier dismissal of this concern and voices his strong protest.

Ms. Albee summarized what the Co-op has agreed to starting with the next initial steps:

- We will not spray herbicides in the Perkins Lane and Perch Pond Road areas beginning this year and throughout the 8 year cycle rotation.

- We will consider completing a limited study as suggested by Mr. Mongeon.
- NHEC staff will meet with the Selectmen of Holderness to discuss further.

Ms. Isikoff asked Mr. Jennings to forward the studies he mentioned that indicated herbicide might help with cyanobacteria to her.

The President of the Lake Kanasatka Watershed Association in attendance asked that the Co-op also consider other watersheds as there are many within the power lines that get exposed to this herbicide. A lot of time and money has gone into treating this problem.

The members in attendance left the meeting.

Agenda Review and Consent Agenda Approval

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

Chair Darcy then drew attention to the consent agenda items which included the minutes from the May 27, 2025 Board of Directors Meeting and director expense reports, and asked for a motion to approve.

Upon motion of Mr. Laufenberg, seconded by Mr. Stringham, 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. (Mr. MacLeod will not be included in any votes in this meeting as he joined the Board of Directors in June 2025 and was not present for any previous meetings mentioned herewith)

Chairman's Report

Chair Darcy made reference to the lengthy report he gave at the Organizational Meeting on the new rules for BEAD broadband grants and the significant challenges and the strict timeline he and staff are working on.

Board Committees

Executive Committee

Chair Darcy informed the board the committee will be meeting on July 9th and he will give an update on this meeting at the next board meeting.

He asked for a motion to approve the May 11, 2025 Executive Committee Meeting minutes.

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

VOTED That the Board of Directors approve the May 21, 2025 Executive Committee Meeting minutes as presented in the board packet.

Vote for the motion was unanimous.

Budget, Finance and Rates Committee

Mr. Stringham noted that physical inventory was completed at all locations at NHEC and the adjustments were recommended based on the results of the physical inventory after a brief discussion.

He asked for a motion to approve the resolution with the recommended adjustment to the physical inventory completed in May 2025 in the amount of \$57,409.

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

VOTED That the Board of Directors authorizes management to adjust the physical inventory as a result of the May 2025 inventory in the amount of \$57,409.

Vote for the motion was unanimous.

Mr. Stringham then brought forward the discussion and review of the Co-Op Power and RAC rate change that would take affect on August 1st and focusing on the source of changes in power purchasing costs and the differences between purchase cost for power in February to August is up by 39%.

These figures will flow through the various Co-op power rates from basic to basic plus renewables and export energy and net metering. The proposed power rate changes were increased some and in addition the proposed regional access rates were reviewed and down a little over the six month period. This results in an increase of approximately 9.8% for a typical customer using 500 kilowatts in a month.

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

VOTED That the Board of Directors authorizes staff to set the Co-op Power and Regional Access Charges on a bills-rendered basis effective August 1, 2025 as recommended in the August 1, 2025 Co-op Power and Regional Access Rate Change Proposal presented to the Budget, Finance, and Rates Committee on June 13, 2025.

Vote for the motion was unanimous.

Mr. Dwyer asked if the IOU's can recover under charges in future rate periods.

Chair Darcy replied they do as shown by a decision with Unitil recently to change that and the PUC said to continue doing it the way they have been which is to load it on the future energy rates.

Ms. Albee asked how their profit making companies factor into their calculations.

Mr. Jennings replied they provide the service at cost so they don't get a return on equity.

Chair Darcy clarified they do get to charge a return on investment on the debt they hold from under recoveries.

Mr. Stringham drew attention to the default energy purchasing plan that authorizes staff to make purchases based on how much under contract and how much to hedge in the local marketplace. The committee is recommending that the board authorizes staff to make IBT purchases to hedge up to 67% of the forecast Co-op power load for the spring rate period, which is February of next year through July of next year with the remaining 33% of forecast load to be served by the ISO New England day ahead market.

Chair Darcy noted we are doing this in advance as they phase the purchases as opportunities present themselves.

Mr. Jennings commented there has been a lot of volatility in the market in the last few years and we don't want to be subject to a price spike at a point in time in which we choose to buy power. Taking the average cost over a period of time is more effective for us and if we do see any lower points, we might try to capitalize on that as we have in the past.

Mr. Laufenberg inquired about a previous discussion last year about a certain size of a purchase for a period of time that had to be signed off by the chair of the board.

Chair Darcy responded this refers to a 42-month contract that was purchased about a year and a half ago and at a good time. He objected to the purchase at the time without the approval of the board, but approved of the contract as the price was good.

Mr. Jennings commented there were no boundaries on staff's purchase power before and did not require board authorization. Procedures were put into place to prevent that from happening and gives the board proper oversight.

Ms. Albee asked if most of what we purchase is natural gas.

Mr. Jennings replied natural gas primarily drives the price in New England due to the number of exports and imports that come in and out of New England. Any event like Ukraine and Russia can drive the cost up similar to the situation in Iran. The natural gas price will trend based on how propane and oil are doing but it is more driven by the natural gas supply.

Mr. Dwyer asked if it requires us to buy 67%.

Mr. Jennings replied no it does not and if for some reason we think that the prices are not in line, we will communicate that with the board.

Mr. Dwyer suggested to set rates higher than we think we can buy in the market to help mitigate our risk and if necessary, give the money back if we come in lower.

Mr. Jennings agreed and noted down the road we could be more aggressive; however, he did not suggest doing so without a financial reserve.

Chair Darcy offered some historical context, referencing a prior \$15 million under recovery and the consequences of misjudged market positions in other utilities.

Mr. Stringham asked if there are insurance policies or a secondary market that could absorb extraordinary risk and allow us to be more aggressive on the spot market.

Chair Darcy replied there is a cost to having such an insurance policy.

Mr. Jennings commented there are financial hedging instruments that can be used but we have decided to only deal in real energy and not be speculative about our market purchases.

Mr. Stringham noted the committee discussed enhancing the annual budget process by increasing early engagement between the Board of Directors, committees, and senior leadership. The goal is to align on strategic objectives and provide input before final budget presentation. Some suggestions were initiating goal-setting discussions earlier in the fiscal cycle and educational sessions and presentations by senior leadership.

Chair Darcy commented if any board members have any further thoughts or suggestions to submit them to him, Ms. Albee, or Mr. Stringham by July 9th.

Mr. Laufenberg requested the visual budget timeline presented by Ms. Taylor at the committee meeting be uploaded to OnBoard for reference.

Ms. Taylor responded it has already been uploaded to OnBoard in the resources folder under presentations and materials for that committee.

Mr. Laufenberg asked if the mention of the 4% budget increase mentioned in the strategic plan was a cap of up to 4% and how did we get to that percentage.

Chair Darcy responded this figure serves as a general target and not a strict cap.

Ms. Albee commented the number was derived through collaborative efforts by the Affordability Subgroup under the Strategic Planning Committee that was aiming to balance cost

containment with operational needs. There was pressure from the board to lower this number but in the end it was decided 4% for last year and this year. There will likely be more discussion on this going forward at the July 9th meeting.

Ms. Taylor commented Mr. Clark had done some historical data gathering and created an executive summary prior to this that was used to develop our reasonable rate trajectory that then guided one of our financial goals in our equity management plan. She will locate this and send it to Mr. Laufenberg for some historical context.

Mr. Dwyer requested sample budget books for the board so they can better understand the budget process from the manager's point of view.

Ms. Taylor will distribute these once they are ready.

President/CEO Report

Mr. Jennings shared a safety moment and emphasized the importance of maintaining a clean and tidy workplace to prevent slip, trip, and fall injuries, which is the leading cause of workplace accidents and insurance claims.

A new FERC Chair has been appointed. We will monitor any potential policy shifts around transmission incentives as that directly impacts what we pay for our regional access charging transmission rates to the ISO.

The CEO of ISO New England is retiring and the COO will be stepping up into this position going forward. No significant changes are expected but we will monitor as this makes up a significant portion of our cost in our electrical bill every month.

CFC has approved a reduction in our power supply letter of credit from \$30 million to \$15 million. This will allow us to save approximately \$22 thousand in interest and fees annually.

Several external events took place including the United Way Day of Caring with 24 employees participating at various organizations.

We will continue monitoring the federal budget bill, particularly the potential impact on the Low Income Heating and Electrical Assistance Program (LIHEAP) program as approximately 5,000 of our members rely on this program for heating and electric assistance. If federal support is withdrawn, states may be expected to fill the gap, though no statewide programs are currently confirmed.

Mr. Laufenberg asked what the monetary value those 5,000 members receive.

Mr. Jennings will get that information.

Ms. Barbour asked if there are currently any county wide programs available for members.

Mr. Jennings replied there are fuel assistance programs through the state and he will investigate whether any of these state funds currently support or could supplement LIHEAP.

Attorney Fahey commented that the LIHEAP is administered through the CAP agencies and to his knowledge there is no immediate substitute for a loss of funding.

Mr. Jennings reported that the organization has completed a comprehensive review of all internal policies and procedures. The review included eliminating obsolete policies, consolidating redundant ones, and establishing a sustainable update process.

Mr. Mongeon asked for clarification on understanding the differences and hierarchy on board policies, staff policies, procedures and plans.

Mr. Jennings explained board policies are set by the Board of Directors and override all other policies. Staff policies are operational policies aligned with board directives; procedures are detailed instructions for implementing policies, and plans are strategic or operational documents guiding specific initiatives.

Mr. Laufenberg asked how it is determined where tree trimming is done and can the board be provided with a vegetation management schedule to assist them if a member in the community has questions.

Mr. Jennings responded the schedule is based on historical trim cycles, priority areas, and emergent needs such as new construction. He will send the schedule including towns and areas planned for trimming to the board.

The talent development plan has concluded its first full cycle and the plan is to formalize performance reviews, goal-setting, and feedback processes across the organization. Challenges included the compressed timeline of January to June which limited the depth of feedback. Most employees received average raises, with some exceptions, due to limited time for performance feedback. The process has improved visibility into employee performance, especially in mid-range performers. A full year evaluation will occur at the end of the calendar year with goal setting scheduled for January.

Mr. Mongeon asked what performance levels do not qualify for the BSC payout.

Mr. Jennings replied any employee on a Performance Improvement Plan (PIP) at any point during the year are ineligible for the Balanced Scorecard (BSC) payout. Employees rated as below expectations may still qualify unless their rating mandates a PIP.

The FAS 106 trustee fund is associated with post-retirement benefit obligations, including gap health coverage until age 65 and life insurance. The fund is currently held with Edward

Jones and includes market investments, necessitating trustees to oversee fund management. There is a resolution in the packet to replace Ms. Boisvert, Ms. Kedersha, and Ms. Clemens Roberts who are no longer with the company as trustees with himself, Mr. Laufenberg, and Ms. Barbour.

Chair Darcy commented the board knew nothing about this fund and that we have a choice between pay as you go or taking the money out of the fund. Decisions such as this or any other situations the board is unaware of should be reviewed and decided at the board level with the recommendation of staff so it can be considered during budget time. The board should consider taking the money out of the fund as there is a \$700,000 surplus over obligations.

Ms. Barbour clarified there is an accounting rule that says that if a company provides benefits to people after they retire that they have to come up with what that projected liability is and reserve for it. She noted it would be worth looking into to see how many people that we provide benefits to and when the last time this account has been reviewed. She commented that having an account that requires trustees is very unusual and is unsure why we would have to have an account like that.

Chair Darcy asked if there is documentation about the creation of this fund and why there were trustees appointed as it is a general fund.

Mr. Laufenberg commented it might require trustees if the money in the fund is invested in the stock market.

Mr. Jennings replied he does not have any information about this account but he will have staff research it and obtain the documentation for review.

Attorney Fahey suggested looking to see if an actuary study was completed and obtain a copy of that as well.

Ms. Taylor responded there is an actuarial analysis that is completed. Ms. Doan has a list of retirees she sends to Edward Jones as well as any potential upcoming retirees in the next few years to include in the analysis. Edward Jones comes to NHEC in July of every year to do a presentation on how we would invest. It is the trustees that would then determine whether to do a pay as you go or withdraw from the investment account. No decision was made last year as we had no current trustees left remaining on the account which brought to light the need to take another look at the account and appoint new trustees.

Chair Darcy requested no action be taken on this account until further review by the board happens.

He asked for a motion to approve the trustees as specified in the resolution in the board packet.

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

VOTED That the Board of Directors appoints Peter Laufenberg, Pat Barbour and Michael Jennings as trustees of the FAS 106 Trust.

Vote for the motion was unanimous.

Chair Darcy drew attention to the NRECA Report and noted Ms. McElaney is not in attendance but her report is in the board packet for review.

Mr. Laufenberg asked how long Ms. McElaney's term is as our NRECA representative.

Chair Darcy replied there is an extended process determined by NRECA in Washington, DC that The NHEC board would vote to have her continue or select somebody else which will occur in October.

Ms. Albee commented the board should start thinking about this now and are there other board members that might be interested in doing this. If there are, should we begin the process of transitioning now.

Chair Darcy commented he is interested in this position and has begun attending NRECA affairs so he would be prepared to assume those duties.

Mr. Dwyer asked if it is possible that FEMA will just go away.

Chair Darcy does not think FEMA will go away, but the name may change.

Mr. Jennings commented that the mitigation funds could potentially go away but not necessarily the disaster relief funds that you are paid after an event.

Ms. Albee asked that the quarterly cybersecurity report be added to the schedules and approvals report.

Mr. Jennings commented it is already being worked on and it will be included in the executive session at next month's board meeting.

Attorney Fahey asked to have the board vote on the reduction to the CFC \$30 million in the letter of credit to \$15 million and to authorize either Ms. Taylor or Mr. Jennings to execute such documents as necessary to effectuate the reduction.

Chair Darcy agreed and asked for a motion.

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

Approved 7/29/25

VOTED That the Board of Directors authorize the reduction in the CFC letter of credit from \$30MM to \$15MM and to authorize Mike Jennings and/or Kristen Taylor to sign all needed documents to effectuate the same.

Vote for the motion was unanimous.

Chair Darcy asked for a motion to go into executive session to discuss legal litigation, personnel and other related matters exempted from public session.

Upon motion of Mr. Dwyer, 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 10:25 a.m.

The Board of Directors came out of executive session at 11:50 a.m. A motion was made to close the public session by Mr. Dwyer and seconded by Mr. Goodrich, and unanimously approved at 11:52 a.m.


Jeff Morrill, Secretary

A TRUE COPY ATTEST:


William R. Darcy, Chair of the Board