

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.
Minutes of the Meeting of the Board of Directors July 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 July 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, Robert MacLeod (via Teams), Jerry Stringham, Peter Laufenberg, Jeffrey Morrill (via Teams), and John Goodrich (via Teams).

Others present were Michael Jennings, Interim President/CEO; Susan Lowry, Attorney; Josh Mazzei, VP of Operations; Kristen Taylor, Chief Financial Officer; Brittany L'Heureux, Security Operations Manager/Interim VP of IT; Madeline McElaney, NRECA Director for New Hampshire; and Maida Lessard, Executive Services Administrator (recording).

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

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 the minutes from the June 24, 2025, Board of Directors Meeting, the June 17, 2025 Annual Meeting Minutes (draft for review only) and director expenses, and asked for a motion to approve.

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

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

Vote for the motion was unanimous.

Chairman's Report

Chair Darcy commented he has been using artificial intelligence in both his personal and professional life and will be attending a one-day seminar at the September 2nd NRECA Division 1 Conference. There are many benefits for NHEC but also some issues that he will discuss further in the executive session. He noted one of the issues is who looks at that data and what kind of security do we have with that.

The PUC has made a decision involving Eversource rates and noted in some ways it will make NHEC rates more favorable in comparison. There has been a lot of push back on it from the

AARP, the Consumer Advocate and the governor of the state also expressed his disappointment in that decision.

There is some concern around what the administration will do with FEMA but the chairman of the relevant committee and a democrat came out with a proposed FEMA bill that NRECA was pleased with. This bill will speed up the reimbursement process for emergency work and restructure the hazard mitigation program.

He also mentioned he would like directors to report back to the board with important findings or insights when going to an educational conference, when appropriate.

Board Committees

Executive Committee

Chair Darcy drew attention to the revisions made to the NH Broadband operating agreement. The Executive Committee recommends both the NH Broadband LLC and the NHEC Board of Directors approve a change in the operating agreement and authorize him to sign it on behalf of the LLC.

He asked for a motion to approve.

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

VOTED That the NHEC Board of Directors approves the revised operating agreement with NH Broadband LLC and authorizes the CEO to sign that agreement on behalf of NHEC.

Vote for the motion was unanimous.

The second item was to implement and include all of the board members on the NH Broadband LLC Manager's Committee.

He asked for a motion to approve.

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

VOTED That the NHEC Board of Directors appoints, William Darcy, Leo Dwyer, Harry Viens, Alana Albee, Thomas Mongeon, Pat Barbour, Robert MacLeod, Jerry Stringham, Peter Laufenberg, Jeffrey Morrill, and John Goodrich to the NH Broadband LLC Manager's Committee.

Vote for the motion was unanimous.

Budget Guidance Discussion

Chair Darcy drew attention to the updated budget summary in the meeting packet and noted there are some comments that should be considered in the minutes from the Budget, Finance, and Rates Committee meeting. One was Mr. Dwyer's request for a budget workbook template which has been provided, Mr. Laufenberg's request that the board be more involved and also get more time to review the proposed budget, and Mr. Goodrich's request about highlighting the priority items in the budget.

He also noted the retiree health benefits payments were not part of the assumptions and should be made out of the designated fund for that purpose which would save us about \$250,000 over what would have otherwise been spent last year.

He commented that if anyone would like to add to the assumptions or to give guidance to the staff beyond what was stated in the document that's included in your agenda package, now is the time to do so.

Ms. Albee asked when the base budget and critical new initiatives will be shared with the board.

Mr. Jennings commented it was anticipated to bring that to the budget preview meeting which would be a month ahead. The intent was to have it sectioned out to show what the base budget is and then the additional items segmented with the priority and non-priority.

Mr. Viens suggested working out a process for that so it's one voice speaking with management about the budget as opposed to people randomly dropping in as it could create chaos.

Chair Darcy replied this is why he wanted to incorporate all of the board's thoughts into one document so if there are any disagreements it can be resolved.

He asked if the storm events budget will include major storms in the 10-year historical average cost.

Mr. Jennings commented major storms criteria is based on a number of member outages (e.g., 5% of members, 75 concurrent outages) and not just a damage amount. He suggests looking at the big picture and consider all storm events but look at the data for major outliers to consider removing from the average and then possibly create a reserve for the next year.

Chair Darcy suggested to add reserve funds or future recovery mechanisms as well.

Mr. Jennings commented we did a 10-year average as well because the last few years have been very high. This will help balance it out to what the expected average storm expenses would be per year.

Mr. Dwyer commented if we are going to budget for storms, it should be a line item and if we have storms it would go against that line item. If it gets buried within the budget it is difficult to track.

Mr. Mongeon suggested in the next E&O Committee to discuss the prediction of resources and are we

under or overestimating and what is the process to improve it.

Mr. Morrill commented that we want to evaluate the controllables and the definition of the variables that would go into that separate budget.

Mr. Laufenberg commented the board needs to see more historical information before deciding to allocate millions of dollars to a line item in the budget for major storms.

Ms. Taylor noted on the income statement that we do break out the major storm and minor storms, budget versus actuals.

Mr. Laufenberg asked when the board would see the initial preview of the budget.

Mr. Jennings replied the initial draft of the budget would go to the Budget, Finance, and Rates Committee in October where it would be discussed in depth and any additional questions would be gathered. The final budget recommendations would go to the board in November.

Chair Darcy clarified that the board was hopeful to see a draft in September and Mr. Stringham suggested a Budget, Finance and Rates Committee meeting should be scheduled in September.

Chair Darcy commented that the reason the margins have gone up even though expenses were low is because the revenues were more than what was estimated. The board hasn't examined revenue estimates in the past, but he suggested that they should. He complimented staff for supplying him with several data points he requested that is at the end of the report in the meeting packet.

Mr. Laufenberg stated that the draft budget should go before the Budget, Finance and Rates Committee at the end of September, a draft to the board in October and then the board approves it in November.

Mr. Mongeon asked Mr. Jennings if this change in presenting the budget is doable for this year or next year and what are some takeaways.

Mr. Jennings replied September will be a real challenge due to the timeline we are working internally. Adding a second meeting to give the board more visibility and information on the budget would work well. There are several opportunities to improve the budget process, and it will be a bit of a learning process as we don't have all the necessary systems set up perfectly yet.

Mr. Dwyer commented that the real focus on the budget should be on cost as it has increased 6% a year over the last five years which is outpacing inflation.

Mr. Jennings commented there are some other metrics we can provide as there are a number of commodities that the government monitors that more directly impact our business.

Ms. Taylor commented that as far as the timeline goes, we can see what we can do as far as resources. The capital construction budget isn't finalized and sent to finance until mid-September, and then the

O&M impact comes from there. Once the capital construction budget is approved, then we're able to finalize our distribution the O&M budget. Last year, after we did the budget preview it gave an opportunity for directors to submit questions and there were almost fifty data requests for staff to respond to. The thought was this year to have an earlier discussion about the inputs and assumptions on the front end of the budget process would give directors more involvement in the development of how the budget is going to be developed so that when you do the budget review in October, there's no surprises.

Ms. Albee suggested a discussion about the base budget for O&M in the Budget, Finance, and Rates Committee Meeting in September.

Mr. Laufenberg asked when are the inputs and the variables going to be discussed that were not last year on the base budget.

Mr. Stringham commented after understanding more about the budget process it will be a heavy lift to get to the point where we can provide a thorough overview at the board level without interfering with the governance locally in one year.

Mr. Mongeon suggested staff develop a timeline for this year and next.

Budget, Finance and Rates Committee

Mr. Stringham drew attention to the minutes of the June 13, 2025 Budget, Finance, and Rates Committee Meeting and put forward a motion to approve them, seconded by Mr. Dwyer, it was

VOTED That the Board of Directors approves the June 13, 2025 Budget, Finance, and Rates Committee Meeting minutes as presented in the meeting packet.

Vote for the motion was unanimous.

Mr. Mongeon asked for an update on the Financial Reporting Committee.

Mr. Dwyer reported the committee is awaiting final financials from Conexon to align broadband reporting with dashboard metrics. A decision will be made on preferred reporting formats once the data is reconciled. Timeline is approximately a month to two months away.

President/CEO Report

Mr. Jennings drew attention to his CEO Report in the meeting packet and started with a safety moment on BBQ safety, emphasizing grill maintenance, leak checks, and child safety.

Power supply has been performing as expected financially with no major changes since last month. Ancillary services market costs have risen from \$100K to \$530K annually and NHEC has joined a coalition to protest the change with ISO New England.

Mr. Goodrich commented that the regional access total costs are higher due to the network requiring more and asked if this is a reaction for people to buy more on the spot market rather than buying ahead.

Mr. Jennings replied that regional access costs are just the transmission costs, so we don't actually deal in transmission rights we just pay the cost that we are owed for transmission, and it is not a large variance.

The DOE just finished their Resource Adequacy Report with the forecast they are showing a 78 GW of generation capacity shortfall by 2030, largely due to AI data center growth. Though ISO New England is less affected directly, market impacts are expected.

He announced we have achieved the Silver Award for NH Broadband for Best of the Lakes Region.

We attended a couple external events including the Holderness Selectboard Meeting after members brought their concerns to our meeting last month. It was a good discussion, and we will continue to talk and work with them around their concerns with herbicide.

We celebrated line worker appreciation day that happens every year in July. We have a very talented, skilled, great group of line workers and we want to make sure that we take the time every year to reach out and say thank you.

On the government affairs side, there are a few updates. As part of the budget process this year, there has been a redirection of the renewable energy fund to the general fund in the state. This means as part of the renewable portfolio standard, if we do not purchase RECs to meet our obligation, we are required to make an alternative compliance payment. That money would normally go to the renewable energy fund to help fund new renewable energy developments in the state. However, now everything but approximately \$1 million is going into the general fund, so a lot of what our members pay now on their electric bill will be redirected to the state's general fund.

He expressed concern about the financial health of the NH university system, a key account and community partner. While no closure is imminent, we will monitor developments with Plymouth State closely due to the university's importance to the local economy and NHEC's service area.

Mr. Morrill shared a past conversation with the president of Plymouth State University, who expressed interest in partnering with NHEC on a potential engineering school at the fairgrounds. While speculative, the idea reflects the university's efforts to attract new students and explore innovative collaborations.

Mr. Stringham reported that while library services were cut, student advocacy led to the restoration of several majors. Plymouth State serves a large region north of Plymouth, and its closure would significantly impact access to higher education.

Mr. Jennings announced the rollout of a new AI cybersecurity policy to help employees use AI tools safely and effectively. The policy aims to improve productivity while protecting sensitive data.

The performance management pilot concluded successfully, with evaluations submitted to People & Culture. NHEC will transition to a full-year performance cycle by year-end.

Mr. Laufenberg asked what drove TIER down from 2.4 last month to 1.9 this month.

Ms. Taylor replied it is a 12-month rolling calculation, so this month goes from July 2024 to June 2025, whereas last month went from one month earlier and our June 2024 margin was higher than our July, so it brought our 12-month rolling TIER down.

Mr. Jennings noted the updated balanced scorecard format and a new dashboard in the meeting packet and welcomes any feedback for future improvements.

NRECA Report

Ms. McElaney presented highlights from the Summer NRECA Board Meeting in Virginia.

- Advocacy Effectiveness: NRECA was ranked #1 in advocacy among 141 DC-based lobbying organizations for the third consecutive year, according to Penta Research. This recognition reflects NRECA's consistent messaging and cost-effective lobbying efforts.
- Federal Policy and Oversight:
 - Concerns were raised about the withdrawal of Endangered Species Act (ESA) implementation and NEPA (National Environmental Policy Act) reforms. She emphasized the importance of maintaining oversight for long-term safety, affordability, and reliability.
 - Secretary Doug Burgum now personally reviews and approves all solar and wind projects on federal land, raising questions about efficiency and transparency.
- Financial Health:
 - NRECA received a clean, unmodified audit opinion for its 2024 consolidated financial statements. The next RFP cycle for auditors will occur in 2026.
 - For the second year in a row, the board voted not to increase membership dues, citing strong financial performance. However, future increases may be necessary.

- Employee Benefits:
 - A new benefits website was launched for co-op employees, featuring expanded Teladoc and mental health services. A mobile app is in development.
- Infrastructure Advocacy:
 - NRECA continues to advocate for rural infrastructure improvements in electricity and broadband. Despite increased competition and noise in DC lobbying, NRECA maintains a strong voice for cooperatives.
- NRECA Proposed Resolutions and Legislative Advocacy
 - Support for AI technology
 - Support for reliable rural post offices
 - Five existing resolutions are recommended for amendment
 - One proposed resolution
- Budget Reconciliation and Energy Policy Advocacy
 - On July 15, 2025, NRECA submitted a letter to the Secretary of the Treasury urging the preservation of current “beginning of construction” rules for wind and solar projects. The goal is to maintain predictability in energy project planning cycles, which often span 20 years, while policy changes occur every 2 years.
 - NRECA emphasized that disruptions to these rules could hinder the deployment of all energy technologies needed to meet rising demand.

Mr. Mongeon asked what percentage of the budget on the revenue side is for training or training fees and what is the process when choosing courses to offer.

Ms. McElaney did not have the information for the percentage of budget used for training, but she will find out. The education team pulls in experts from NRECA and other partner organizations to provide input and then they reach out to people in the field for advice as well.

Ms. McElaney left the meeting.

NHEC Foundation Report

Mr. Viens provided a breakdown of recent grant awards and their distribution by community. He noted several challenges:

- Many communities and organizations are not actively reaching out to the foundation.
- A growing number of grant requests are for operating costs rather than direct services or community benefits.
- Most recent requests were around \$10,000, indicating a shift in funding expectations.

The foundation is working to schedule a strategic planning meeting, though coordinating calendars has proven difficult. The goal is to define the future model for foundation giving, including whether to maintain direct relationships with charities or explore partnerships with organizations like the New Hampshire Charitable Foundation. Pros and cons of outsourcing grant management to a third-party foundation was discussed. While the New Hampshire Charitable Foundation was considered, the trustees expressed concern about losing control over funding decisions. The current sentiment favors maintaining a direct, one-to-one relationship with recipient organizations.

Ms. Albee asked how the results of the depreciation study will influence budgeting this year.

Ms. Taylor commented she hopes to have the results soon. Preliminary results found that in the data provided there were some project specific items included from our AMI project and other one-time projects that shouldn't affect our depreciation rates for distribution. They are removing those outliers and getting us the revised results which we hope to recommend to the board next month.

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. Laufenberg, seconded by Mr. Mongeon, 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 10:19 a.m.

The Board of Directors came out of executive session at 11:39 a.m.

Chair Darcy asked for a motion to approve Mr. Jennings as the permanent President/CEO.

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

VOTED That the New Hampshire Electric Cooperative Board of Directors (Board) appoints Michael Jennings as its President and Chief Executive Officer (CEO); and
That the Board authorizes the Board Chair to negotiate with Michael Jennings the employment contract terms, compensation, and delegated authority

consistent with the terms and conditions presented at the July 29, 2025, meeting.


The performance bonus for the Interim CEO for the six months ended June 30, 2025, shall be \$16,750.

The CEO's performance bonus goals for the six months ending December 31, 2025, shall be developed by the ad hoc CEO Performance Goals Committee in cooperation with the CEO.

Vote for the motion was unanimous.

A motion was made to adjourn the public session by Mr. Laufenberg and seconded by Mr. Mongeon, and unanimously approved at 11:40 a.m.

A TRUE COPY ATTEST:



William R. Darcy, Chair of the Board



Jeff Morrill, Secretary