

New Hampshire Electric Cooperative, Inc.
Minutes of the Meeting of the
Budget, Finance and Rates (BFR) Committee Meeting Minutes
September 25, 2026, 9:00 a.m.

Attendance:

Committee Members: Peter Laufenberg (Chair), Leo Dwyer (Chair), Alana Albee, Bill Darcy, John Goodrich, and Jerry Stringham (***Absent:** Carl Knowlton and Jeff Morrill*)

Board Members: Laurel Boivin, Tom Mongeon, and Pat Barbour

NHEC Employees: Michael Jennings, Kristen Taylor, Josh Mazzei, Benjamin Doyle, Jeremy Clark, Maria Stella, Christine Parent, and Cindy Melanson (Recording)

Call to order:

Chair Laufenberg called the meeting to order at 9:01 a.m.

Agenda Review:

There were no suggested changes to the agenda.

2027 Preliminary “Core” Distribution Budget Review:

Chair Laufenberg noted that this was the first BFR meeting for the 2027 annual budget process and reviewed the anticipated schedule.

Ms. Taylor reviewed the budget development process. Baseline departmental budgets were compiled in July and distributed to department managers for review of baseline changes and business case requests. She explained that Mr. Clark’s presentation would focus on the core distribution budget, including baseline changes.

Mr. Clark reviewed the budget framework, noting that major rate components follow different approval processes and that changes in one area affect depreciation, interest, taxes, payroll allocations, and related assumptions. The capital construction budget follows the approved three-year plan, with \$22.2 million for 2026 and initial authorization of \$22 million for 2027. General plant capital was approximately \$2.3 million, while about \$4.0 million in incremental requests remain under review, including facilities projects and a proposed \$5.0 million Plymouth district office.

Mr. Clark explained that the Board of Directors operating budget was presented as a baseline pending further direction, including supplies, subscriptions, audit allocation, directors’ fees, training, and conferences.

Chair Laufenberg commented that Board compensation, officer pay, role descriptions, and committee composition would receive further review.

Mr. Darcy requested a five-year budget-to-actual summary for future review.

1 Mr. Clark reviewed weather-driven sales trends and a proposed 2027 forecast showing a 1.8%
2 kWh sales increase. Staff supports the forecast, which is expected to add approximately \$1.2
3 million in distribution sales revenue and \$500,000 in other electric revenue. The budget assumes
4 236 FTEs, a 5% health insurance increase, 80% balanced scorecard attainment, a 3.5% wage
5 increase, and continuation of the attrition reserve. A request was made to add prior-year average
6 FTEs where available.

7
8 Mr. Clark reported that property taxes remain favorable to budget for 2026 and are not expected
9 to increase materially in 2027 at this stage.

10
11 Ms. Taylor noted that most towns issue tax bills twice per year.

12
13 Mr. Clark concluded the presentation by explaining that baseline spending requests totaled about
14 \$500,000, with approximately \$400,000 tentatively approved. The budget assumes no capital
15 credit retirement, approximately \$500,000 in fleet fuel expense, \$2.8 million in storm expense,
16 and a \$1.3 million major storm reserve. The preliminary core distribution budget shows an
17 estimated \$5.2 million margin, compared with the 2026 budgeted margin of \$4.1 million and
18 above the \$4.0 million minimum under the equity management plan. No distribution rate
19 increase is included, and several major items remain under review. Initiative requests totaled
20 approximately \$2.8 million, with \$1.1 million still under review for telecommunications, data
21 analytics, and artificial intelligence projects.

22
23 Mr. Doyle described AI-related requests, including expanded paid Microsoft Copilot licensing
24 and exploration of additional Copilot capabilities.

25
26 Mr. Darcy inquired what the difference would be between the free Microsoft Copilot and the
27 paid license.

28
29 Mr. Doyle noted that paid Copilot licenses can access Microsoft systems such as SharePoint,
30 Teams, and OneDrive based on user permissions, unlike the free version that generally requires
31 files to be uploaded.

32
33 Mr. Mongeon asked if there was an anticipation of a return on investment from purchasing the
34 licenses.

35
36 Mr. Jennings responded that some of the largest organizations that have fully implemented AI
37 haven't seen any bottom-line gain from the implementations that they've made. So, we're trying
38 to leverage it right now to create better products faster and make folks more efficient.

39
40 Mr. Darcy asked the status of the project that was meant to centralize format and location for
41 better access.

42
43 Mr. Doyle replied that the AI-related budget requests are related to NHEC's current data
44 environment. One physical SQL server where we're basically building data integrations to make
45 that data accessible. So that work is ongoing every day by the existing team, using old legacy
46 technology. We're looking to use more modern technology to accelerate that work.

1
2 Mr. Goodrich inquired about NHEC's policy as far as linemen, for example, owning their own
3 tools versus NHEC buying them.

4
5 Mr. Mazzei responded it was NHEC's policy to provide the basic hand tools, power tools, and
6 truck tools. They are also issued a set of climbing equipment, but if they come from another
7 utility and they have their own climbing gear, and it meets our standard according to our safety
8 department, then we will allow it.

9
10 Chair Dwyer asked if would be possible to show the board a simple high-level picture of how
11 many different data silos the NHEC has and how they'd be pulled together.

12
13 Mr. Doyle responded that it can be done. Staff will prepare a simple visual showing major data
14 sources, current data silos, and how data would be integrated for analytics. He stated that
15 approximately 80% of our enterprise comes from Ivue and the enterprise data cloud.

16
17 Mr. Jennings said the current base budget projections look strong overall, thanks to refinements
18 made by Mr. Clark, Ms. Taylor, and Ms. Stella, including cost-saving opportunities in payroll
19 and benefits for next year. He noted that the improved budget position may allow room for
20 additional items, even though costs continue to rise across the broader economy, including fuel
21 and materials. Overall, he characterized the current budget outlook as favorable.

22
23 **Action items:**

24 Ms. Albee requested that a note be made on the board tracking report regarding AI analytics
25 explanation and examples.

26
27 Mr. Doyle will direct staff to prepare a simple visual showing major data sources, current data
28 silos, and the integration process for analytics for the board.

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30
31 **Adjournment:**

32 Upon motion by Chair Laufenberg, seconded by Mr. Darcy, Chair Laufenberg adjourned the
33 meeting at 9:49 a.m.