APPROVED
November 16, 2026

New Hampshire Electric Cooperative, Inc.
Minutes of the Meeting of the
Engineering and Operations Committee

Teams Meeting

October 15, 2026, 1:00 p.m.

Present: Committee Members: Tom Mongeon (Chair), Bill Darcy, John Goodrich, Laurel Boivin, Alana Albee, Leo Dwyer
Other Board Members: Peter Laufenberg, Carl Knowlton, Jerry Stringham
NHEC Employees: Michael Jennings, Josh Mazzei, Luke Croteau, Ben Doyle, Maria Stella, Rob Howland, Christine Parent (Recording)
Others Present: Scott Bradtmiller

Meeting Called to Order
Chair Mongeon called the meeting to order at 1:00 p.m.

Agenda Review & April 2026 Meeting Recap

Chair Mongeon reviewed the agenda. There were no suggested changes to the agenda.

Approval of September 18, 2026, Minutes.

Mr. Darcy requested a correction on the bottom of page 6 to change "the" mobile transformer to "a" mobile transformer.

Upon motion from Mr. Darcy, seconded by Ms. Albee, it was

VOTED that the committee approves the September 18, 2026, minutes with the above change.

Vote was unanimous.

Proposed 2027-2029 Capital Construction Budget

Mr. Croteau presented the Proposed 2027-2029 Capital Construction budget. The presentation included a review of 2026 performance to date, key drivers of the 2027 budget, recurring/member-driven and elective spending categories, material cost inflation, direct buried cable replacement, substation transformer replacement, SCADA expansion, and the three-year budget outlook.

Mr. Croteau stated that the proposed 2027 capital construction budget is consistent with prior years, with the increase primarily attributable to incorporation of the direct buried cable replacement initiative into the overall capital construction budget. Excluding the increase for the direct buried project, the increase in the overall budget is about $1.73 million. Mr. Jennings explained that this work had previously been tracked separately and is now being included for improved budget oversight because the spending aligns with the intent of the capital construction budget.

Mr. Darcy discussed the importance of maintaining apples-to-apples comparisons in future trend

analyses. Mr. Jennings indicated that direct buried cable funding would be itemized in trend reporting, similar to how SCADA expansion had previously been incorporated into the capital construction budget. Mr. Mazzei stated there are seven to eight more years of the direct buried project.

Mr. Dwyer requested that future reporting includes not only budgeted versus actual dollars, but also whether the originally budgeted scope was completed. Mr. Jennings stated that staff would try to quantify original budget variables versus completed work during the spring E&O year-end review where practical.

It was noted that while inflation-adjusted spending appears relatively flat or lower in real dollars compared to 2022, contribution policy changes may affect that conclusion. Chair Mongeon emphasized the importance of ensuring infrastructure investments remain sufficient to manage safety, reliability, and long-term financial risks.

Mr. Croteau noted that 2026 year-end capital spending is projected to finish approximately 7% over budget, driven largely by member-driven work. To manage the variance, staff deferred certain planned pole replacements, delayed non-essential system improvement projects, and shifted some substation expenses into 2027. Directors asked how risks associated with deferred projects are evaluated and monitored. Staff explained that system improvement projects are prioritized based on safety, member impact, reliability benefit, timing, and system need. Mr. Croteau will provide the dollar amount of the Transformer Replacement Program that was shifted to 2027.

Mr. Croteau reviewed material cost increases affecting the capital construction budget, including tariffs, transformers, conductor, hardware, and line construction equipment. The overall cost increase is 10.5%. Mr. Jennings noted NHEC's dollar is not going as far, and the board will determine how much to prioritize reliability over affordability. Chair Mongeon stated the conversation around the cost increases should be explored further in the next strategic planning process. Mr. Doyle stated that procurement monitors price changes closely, uses contract pricing where available, and will increase bidding activity where it may provide cost benefits. Mr. Croteau noted that cost increases are broad-based and not limited to a single supplier or vendor.

The proposed 2027 recurring/member-driven budget is $11.3 million. Mr. Croteau reviewed trends for new lines, new consumers, transformers, and joint use - cable TV work. The proposed 2027 budget for new lines and new consumers was identified as approximately $2.2 million. Directors discussed whether the term "recurring" should be relabeled as "member-related" or "member-driven" to better describe the category. Staff agreed future materials could be relabeled accordingly.

Directors also discussed member contribution levels and whether NHEC's approach is aligned with other cooperatives and utilities. Mr. Jennings stated that the broader cooperative trend has been 100% member payment for new service work, though staff is not proposing a structural change for 2027. Ms. Albee stated this may be a topic to revisit when rates and costs are discussed at next week's Budget, Finance and Rates Committee meeting.

Mr. Croteau explained that joint use make-ready activity has increased due to communications projects and cable provider buildout, causing an increase to next year's budget. The committee discussed limitations on cost recovery given regulatory requirements for open and fair access to poles. Mr. Jennings noted that certain make-ready costs can be passed through, but other costs must be incurred by NHEC and cannot be charged to the attaching entity.

The proposed 2027 elective budget is approximately $14.6 million. Major categories included substation transformer replacements, line conversions, system improvements, direct buried cable replacement, and equipment upgrades. Mr. Croteau explained that projects are prioritized based on emergent or urgent issues, load-driven needs, reliability benefits, and cost-effectiveness.

Directors discussed the relationship between annual capital allocation decisions and the long-range system planning study. Mr. Croteau stated that the updated long-range system planning study is intended to inform the 2028 budget cycle. Directors requested additional discussion in the future regarding staff strategy for annual capital allocations and the balance between reliability, safety, affordability, and infrastructure risk. PSE conducted the last long-range study, and Mr. Croteau is working with the Engineering team to evaluate who will conduct the next study.

Mr. Croteau reviewed the substation transformer replacement program, including completion of Center Harbor in 2026 and ongoing work at Bartlett. For 2027, staff plans projects at Alton and Sunapee. Mr. Croteau also noted that Intervale is a particularly complex future project because it connects to the high-voltage transmission system and includes NHEC's largest station transformer. These stations have been identified as high priority based on their asset condition, age, capacity, and overall system risk.

Mr. Croteau reported that the formal SCADA expansion program, begun in 2020, was completed in 2026 and added SCADA functionality to more than 157 devices. Future capital construction budgets will continue to fund SCADA functionality for additional devices. Mr. Goodrich requested a future deeper dive into the SCADA system, including system components, communications, data use, and reliability benefits.

Mr. Croteau reviewed the direct buried cable replacement program. The original program identified approximately 44 miles of direct buried primary cable for replacement, with approximately 20 miles completed to date. Staff expect to complete nine projects in 2026, representing approximately three miles of replacement. The program replaces direct buried cable with cable in conduit, which reduces future failure risk and simplifies future repairs.

Directors asked whether additional direct buried cable exists beyond the original 44 miles. Mr. Mazzei stated that records are incomplete and district-level sweeps are being used to identify additional locations, particularly for installations from the mid-1980s transition period from direct burial to cable in conduit.

Mr. Croteau shared the three-year budget as well as the three-year O&M impact.

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

VOTED that the committee recommends the proposed 2027-2029 Capital Construction

Budget to the board for approval.

Vote was unanimous.

Mr. Jennings noted that FEMA mitigation grants are being applied for to fund targeted underground projects on vulnerable, unreliable feeders to improve future system reliability. These funds are separate from normal direct-bury cable initiatives and there is one project located in Raymond. Staff will provide the total amount of the grant that is being applied for.

Transmission Provider Outages

Mr. Mazzei shared the Transmission Provider Outage presentation. NHEC has 44 substations and distribution points served by four transmission providers, including Eversource, Liberty, National Grid, and indirectly Green Mountain Power. Mr. Mazzei stated that eight locations can be restored by switching year-round, seventeen can be restored during cooler months, four can be restored during warmer months, and fifteen cannot be restored by other feeds.

Directors requested additional detail on the fifteen radial/non-restorable locations, including member counts, critical infrastructure, available options, and transmission-provider constraints. Mr. Mazzei agreed to gather additional information and noted that the circumstances vary by location.

Mr. Mazzei also reviewed five-year transmission outage history, noting 163 transmission provider outages during the period, with an average of approximately 1,200 members affected per outage. 111 outages did not take place during a storm event, while 52 outages did take place during a major storm event. Raymond District experienced the highest number of transmission-provider outages among the districts reviewed. Staff discussed locations including Lyme, Cornish, Meredith, Haverhill, and Monroe.

Mr. Mazzei summarized key provisions of a transmission agreement from the 1990s. The agreement allows service interruption or curtailment for safety, repairs, system conditions, or events beyond the utility's control. Liability for outages is generally limited, and consequential damages are excluded. Directors discussed whether the agreement terms are market-standard, whether the liability cap should be reevaluated due to inflation, and whether there may be regulatory or contractual options to improve terms.

Chair Mongeon stated that additional transmission-related questions would be emailed to Mr. Mazzei and Mr. Jennings and invited directors to send questions by the end of the week for inclusion.

Small Contracts

The committee briefly discussed small contractor participation in NHEC bidding and contracting opportunities. Staff stated that NHEC uses many small contractors, particularly for vegetation management, and that contractors must meet safety certification and minimum insurance requirements. The committee agreed that the topic had been sufficiently addressed and did not need to be moved to the BFR agenda.

BESS Rumney Battery

The Rumney Battery project discussion was not reached due to time. Mr. Jennings stated that the discussion is not time sensitive and that delaying it would not affect the RFP process or the 2027 budget. The item will be rescheduled for a future meeting.

Next Meeting

Chair Mongeon reminded attendees that part two of the herbicide discussion is scheduled for November 16 at 11:00 a.m. He requested that staff notify the member who attended part one of the discussion. Mr. Jennings stated that he had been in contact with Ms. Isikoff.

Action Items:

- Develop future reporting that compares completed scope to the original budgeted scope.
- Provide clearer information on deferred projects, including risk levels and whether projects have been deferred more than once.
- Clarify how annual capital allocation decisions connect to the long-term strategic plan.
- Mr. Croteau will provide the dollar amount of the Transformer Replacement Program that was shifted to 2027.
    - Follow up as of October 23, 2026 – the total TRP cost deferred to 2027 is $650,000.
- Staff will provide the total amount of the FEMA grant that is being applied for.
    - Follow up as of October 23, 2026 - the cost of the Raymond FEMA project is $820,500 and FEMA reimburses up to 75% of that cost.
- Mr. Mazzei will provide additional detail on the fifteen radial/non-restorable locations, including member counts, critical infrastructure, available options, and transmission-provider constraints.
- Reschedule the Rumney Battery project discussion.
- Update future materials to use “member-related” or “member-driven” terminology where appropriate.
- Consider future benchmarking of member contribution/allowance approaches against other cooperatives or utilities.

Adjournment

Chair Mongeon adjourned the meeting at 2:50 p.m.