

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors November 26, 2024

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 November 26, 2024, at the Cooperative's 287 Highland Street Office in Plymouth, NH.

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

Others present were Alyssa Clemsen Roberts, President/CEO; Kristen Taylor, Chief Financial Officer; Maria Stella, Assistant Controller; Joshua Mazzei, VP of Operations; Jeremy Clark, Financial Planning, Analysis, and Rates Manager; Todd Fahey, Attorney; Sonja Gonzalez, Chief Information Officer; Carla Munoz, Vice President of People & Culture; Michael Jennings, VP of Energy Delivery; Peter Glenshaw, VP of Member Engagement; Peter Glenshaw, Vice President of Member Engagement; Maida Lessard, Executive Services Administrator (recording); Madeline McElaney, NRECA Director for New Hampshire (via Teams); and Julie Dolan, Cooperative Member (via Teams).

Chair Darcy called the meeting to order at 8:30 a.m.

Agenda Review and Consent Agenda Approval

No changes were requested to the agenda.

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

Upon motion of Ms. Albee, seconded by Mr. Morrill, 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 commented that he, Ms. Barbour, and Mr. Laufenberg attended a week long NRECA CCD course and a topic on the board's role in grassroots advocacy was of particular interest. It noted that politics are an important part of an electric cooperative director's responsibility using the power of distribution cooperatives, directors, and members to influence policymakers is vital to continue success of the Co-op. Grassroots networks can be strengthened by visiting public officials and staff and inviting opinion letters. It suggests in the NRECA toolkit that the

board candidate questionnaire include the question if they are comfortable contacting elected officials on behalf of the cooperative if needed.

He also attended a webinar where Jim Matheson gave a post-election review of possible changes for cooperatives as a result of the changes in the executive and legislative branches. He pointed out there is an NRECA meeting in Washington, DC which all the cooperatives that attend are supposed to lobby their respective legislators on their home turf. As directors, the most powerful tools are legislators, ex-legislators, and municipal elected officials. Chair Darcy suggested that eventually it may help to send information packages to new legislators in our service territory so if there is an issue everyone is pulling in the same direction. He also noted he would like to work with Mr. Glenshaw and Ms. McElaney to send information to the board on a regular basis regarding electric utility issues, industry news and trends so the board is well informed.

He commented he would like the directors to write a report on conferences attended to share with the board. He attended two recently, The New Hampshire Municipal Association and the Northeast Association of Electrical Cooperatives, which he did not write a report for. He noted that Matt Conserva, who is the head of the broadband grant agency in New Hampshire, gave an update on the progress. He noted that under the ARPA CPF program which gave \$50 million to us and \$40 million to CCI, there has been great progress. He noted that at the time we had built fiber to 13,000 passings and CCI had built fiber to 12,000 passings, which they did not have to do make ready engineering, make ready construction, or replace poles. Even though they were able to move considerably faster than us, we still were able to build more.

Lastly, he drew attention to the capital projects status report over \$1 million at the end of the board packet available for the board to review.

Board Committees

Executive Committee

Chair Darcy made a motion to approve the October 11, 2024 Executive Committee Meeting minutes, seconded by Mr. Morrill, it was

VOTED That the Executive Committee members approve the October 11, 2024 Executive Committee Meeting minutes.

Vote for the motion was unanimous.

E&O Committee

Mr. Mongeon made a motion to approve the October 4, 2024 E&O Committee Meeting minutes, seconded by Mr. Goodrich, it was

VOTED That the E&O Committee members approve the October 4, 2024 E&O Committee Meeting minutes.

Vote for the motion was unanimous.

Audit Committee

Ms. Albee made a motion to approve the October 21, 2024 Audit Committee Meeting minutes, seconded by Ms. Barbour, it was

VOTED That the Audit Committee members approve the October 21, 2024 Audit Committee Meeting minutes.

Vote for the motion was unanimous.

Ms. Albee noted that the Enterprise Risk Management draft report submitted by the senior managers was reviewed and discussed and was unanimously voted to table for further discussion. The goal is to come to agreement on top risks and whether to harmonize the process with a strategic plan and to move to a two-year cycle. She suggested this be added to the board tracking report for February 2025.

The cybersecurity updates and the requested items including the list of plans and procedures have all been provided and have been uploaded to OnBoard. The external audit letter of engagement with the external auditor has been signed and finalized and we are now ready for the external audit.

Budget, Finance and Rates Committee

Mr. Stringham drew attention to the two committee meetings on October 25th and the second on November 18th which staff did an excellent job preparing for and following up on the requests in those meetings.

Mr. Stringham made a motion to approve the October 25, 2024 Budget, Finance, and Rates Committee Meeting minutes, seconded by Mr. Goodrich, it was

VOTED That the Budget, Finance, and Rates Committee members approve the October 25, 2024 Budget, Finance, and Rates Committee Meeting minutes.

Vote for the motion was unanimous.

(NOTE: These minutes were not part of the board packet and should not have been approved)

Ms. Clemens Roberts commented that she appreciated the countless hours of staff's time and especially the finance team despite the challenges with some personnel changes and family situations.

Mr. Clark presented the edited 2025 Budget on the electric only to include:

- Overview
- Key Figures – Consolidated Budget

Capital Budget

- Rising Distribution Costs
- Distribution Capital Budget

Power Resources & Access Operating Budget

- Power Resources Operating Budget

Distribution Operating Budget

- Assumptions
- Increases Across Electric Industry
- Distribution Operating Budget
- Tree Trimming Expense
- Distribution Margin
- Long-Term Forecast
- Distribution Budget Takeaways
- Rate Change Proposal
- Rate Change Scenarios
- Bill Impact – BFR Revised Option A
- Bill Impact – BFR Revised Option B
- Board Resolution

Mr. Goodrich asked if the rate of increase on those costs have levelled out.

Mr. Clark replied some costs have not risen as rapidly while others continue to increase.

Chair Darcy asked if the revenue requirement increase for Liberty Utilities has been implemented yet.

Mr. Clark responded it is his understanding that the temporary rate increase is implemented but the permanent rate increase continues to drag on.

Mr. Mongeon asked how many miles does the additional budgeted \$500k of tree trimming buy us and how many miles per million for this year and next year versus previous years.

Ms. Clemesen Roberts commented more information is needed from the arborist group to appropriately answer this question.

Mr. Mongeon asked why TIER wasn't on the Long-Term Forecast slide.

Mr. Clark responded for presentation purposes it would not fit, but it is in the full write-up in the board packet.

Chair Darcy made a motion to approve the revised 2025 Budget Option A, seconded by Mr. Goodrich, it was

VOTED That the Board of Directors approves the Capital Budget of \$76.2 million, Operating Budget of \$176.6 million, and Distribution Rate Change of \$2.83 million (Option A) as requested by the Budget, Rates, and Finance Committee on November 18, 2024, as presented to the Board of Directors on November 26, 2024.

Vote for the motion was 6 in favor, 5 opposed (Directors Morrill, Viens, Mongeon, Kedersha, Barbour)

Mr. Morrill opposed the vote as he thinks the facts are misunderstood.

Mr. Mongeon opposed the vote as it is based on the volumetric.

Mr. Stringham commented that he supports the Option A proposal as we already have higher rates than our competitors. He prefers members that are squeezing for pennies have an option to be able to control it.

Ms. Albee commented she echoes what Mr. Stringham said and thanked the staff for all their hard work as the board has been diligent about trying to contain costs going forward. She also wanted it noted in the minutes that the new long-awaited facility has been postponed again.

Ms. Clemesen Roberts also commented that the new facility is pushed out to 2027, but until certain aspects of our capital build are complete, she does not see it possible. She also commented that as long as we are going to adhere to a 4% rate trajectory the building will never be built.

Mr. Morrill commented he is in support of the budget but is leaning more towards Option B.

Ms. Clemesen Roberts commented the one thing she would caution everyone on is when talking about members that are pinching pennies and live on our system year-round, a volumetric charge impacts them more. It is well known that members who are economically challenged

often have less efficient homes and less insulated homes. They ideally would have the ability to control their energy usage, but they're also the greatest impacted. It's our seasonal homes that would benefit from not having the rate increase go into the member service charge. This year we did well on weather but the year before, we did not. There is a little bit more of a risk when you put it on the energy side because if you have a cool, rainy summer, people aren't using the energy that you are anticipating they use or if you have a milder than average winter. While the member service charge is higher, there are reasons for that such as the nature of our territory and the nature of our business. That charge is what pays for the wires to actually deliver the energy, so when it's not allocated to the member service charge, seasonal homes and people who use their homes in our area infrequently, are not paying their fair share of the cost to have electric service available to be delivered.

Mr. Mongeon is in favor of the middle option as about a third of our members are seasonal homeowners. He asked for further clarification on the bill impact for this option. He also asked if the rate increases for Eversource and Until are likely to continue to be substantially more going forward.

Mr. Clark responded from the distribution aspect, it ranges from 3.4% to 4.9% with 100% volumetric allocations, where it is 3.8% to each bucket if it is a uniform rate increase.

Ms. Clemens Roberts responded she would rather not comment on what their future looks like as it depends on their particular business.

Mr. Goodrich commented he is in favor of the volumetric proposal, however, members he has talked to are focused on the high member service charge as they compare it to other properties some of them own serviced by other utilities.

Ms. Kedersha commented that by going with the 4% margin, is way too gracious considering other electric providers have gone up over 40% in increases. If we have a lot of storms or a very bad storm, we won't have enough equity to take care of that. Because of this, she is in favor of keeping it to the original proposal of a 5.7% increase.

Ms. Clemens Roberts recommended the board do more than what is recommended for a rate increase as she is concerned about how close we are to our loan covenants as well as some expenditures that are upcoming. She also noted this is without any major storm costs.

Mr. Dwyer asked for a comparison of what seasonal and out of state bills are versus in state bills and also include members that are getting assistance.

Mr. Stringham made a motion to approve the Spring Period Default Energy Purchasing Plan, seconded by Chair Darcy, it was

VOTED That the Board of Directors approve the Spring Period (February-July 2025)

default energy purchasing plan as presented by staff at the November 18, 2024 Budget, Finance and Rates Committee meeting, including leaving 30% of the load to be served by the day ahead ISO-NE market and purchasing the remaining 6% of load to meet the plan.

Vote for the motion was unanimous.

Mr. Mongeon suggested to put the rate impact of volumetric versus member service charge options on seasonal accounts on the board tracking report and assign it to him and Mr. Dwyer.

President/CEO Report

Ms. Clemens Roberts drew attention to the CEO Report in the board packet.

She went over the safety moment and noted the importance of proper footwear and clothing for the colder winter months as well as checking vehicle tires and wiper blades for wear and tear.

The under collected amount in power supply is down and we have about a 1% variance which is a good projection. We are anticipating a decrease in our spring rate period due to competitive supply and overall costs are expected to be about 3% lower. We are anticipating our fifth consecutive energy rate decrease at NHEC and anticipate somewhere between 5% and 10% which is great news.

USAC has notified us that our 20% RDOF milestone verification review has closed and we passed. This will allow us to reduce our letter of credit requirement from three years down to one year of support which equates to an approximate savings of \$1.2 million in credit.

We met with John Kilgore to talk about the expansions at Tenney Mountain, Bob Coates the new head of Eversource New Hampshire, and Scott Whedon, the Plymouth town manager to discuss a number of issues that are going on in the town of Plymouth as well as some potential facilities in the future.

NHEC leadership held two all staff meetings to discuss safety, balance score card results, strategic plan initiatives, talent development rollout, and where we are with Broadband.

Chair Darcy commented he was very impressed with the answers to all the budget questions. He complimented that they were very professional and complete and it is the most information he has seen in his tenure on the board. He feels we are doing much better in providing all the information that the board members request and need to do their job.

Mr. Dwyer joined the meeting in person at 9:15 a.m.

Mr. Goodrich asked what is driving the decrease in the energy rates.

Ms. Clemens Roberts replied market prices have come down, staff has done a great job in developing a plan, and we are not carrying the large under collection balances which really impact the next rate periods.

NRECA Report

Ms. McElaney highlighted Hurricanes Helene and Milton storm responses and noted there has been a 60% increase in major storms in New England in the last five years. Communications continue around the transition from the current president and leadership team to the incoming President and NRECA to ensure a smooth transition. A large amount of what NRECA does is to provide support and advocacy to provide safe, reliable and affordable power and also working with current elected officials, people who are candidates for elected officials, to build those relationships so when something needs to happen with policies the network is there. The government relations team at NRECA has offered to come in person or attend remotely to attend NHEC's board meeting to talk more about political advocacy. If there is an interest in this Ms. McElaney can assist in setting this up.

She addressed the question Mr. Mongeon had last month in reference to the selection of auditors. She noted that the process goes out through an RFP and bids are received and reviewed by the board. This was last completed in 2021 and it is on a five-year cycle that will happen again in 2026.

There was a leadership town hall on November 13th where Jim Matheson talked about the new administration and what it will mean for electric cooperatives and the way they will do business. These town halls are recorded and you can sign up these leadership town halls and listen to the recording later.

She included some information in her report about the Cooperative Family Fund that provides financial support and assistance for children whose parents were line workers and killed in the line of duty. This program is not NRECA related but it is something the current chair of the board at NRECA started.

Ms. McElaney left the meeting at 9:20 a.m.

Board Tracking Report

Chair Darcy noted there will be two new items added to this report from today's meeting.

No other additions were requested.

Schedule any Necessary Committee Meetings

- Budget, Finance, and Rates Committee - December 13th

- Board of Directors Meeting - December 17th
 - A continuation of this board meeting will need to be scheduled before the January board meeting for the purpose of selecting the nominating committee
- Governance Seminar – December 18th

The board recessed for a short break at 9:26 a.m. and reconvened at 9:46 a.m.

NHEC member, Julie Dolan joined the meeting.

Member Comments

Ms. Dolan thanked the Co-op for providing broadband service. She inquired about the status of Metcalf and Tilton Haley Roads in Sandwich that were delayed in receiving broadband.

Mr. Jennings responded that Metcalf Road was lit and members have been able to sign up and receive service there. Tilton Haley Road should be ready very soon. He did not have an exact date yet but offered to follow up with her on a date.

Ms. Dolan expressed her appreciation in the follow up as the town has been hearing that for a couple of years now. She reminded the board and staff that the town brought almost \$2.5 million of grant money to the table so she is hopeful it might give the town a little bit of special treatment. The people on these roads are still waiting and the ad hoc broadband committee in town hears from these members routinely. She suggested to keep the advertising coming as it would be good to see some advertising in the local stores.

Chair Darcy thanked her for her comments and assured her someone will contact her with more information on the schedule for that last road to be lit and available for service.

Ms. Clemens Roberts commented that she replied to a member that reached out a couple of months ago regarding this issue and let her know this road is set to be served by the end of 2024 and it is still on schedule for that date.

Mr. Mongeon suggested again that a member tracking report be created to keep track of concerns or questions they bring to the board whether at the board meeting or email.

Ms. Dolan agreed as she sometimes attends these meetings and has questions or concerns and then never hears anything. This would be helpful and would ensure items get followed up on.

Ms. Dolan left the meeting at 9:49 a.m.

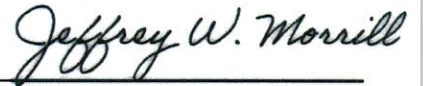
Chair Darcy made a motion to move into Executive Session to discuss confidential legal litigation and personnel matters, seconded by Mr. Laufenberg, it was

Approved 12/17/24

VOTED That the Board of Directors moves into Executive Session for the purpose of discussing confidential legal litigation and personnel matters.

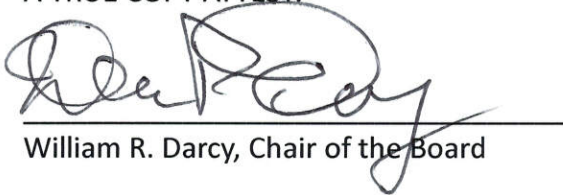
The board moved into Executive Session at 9:50 a.m.

The board moved out of Executive Session at 11:40 a.m. and Chair Darcy adjourned the meeting.



Jeff Morrill, Secretary

A TRUE COPY ATTEST:


William R. Darcy, Chair of the Board