

**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.**

**Minutes of the Meeting of the Board of Directors August 27, 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 August 27, 2024, at the Cooperative's 287 Highland Street Office in Plymouth, NH.

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

Others present were Alyssa Clemsen Roberts, President/CEO; Peter Glenshaw, VP of Member Engagement (via Zoom); Carla Munoz, VP of People and Culture; Kristen Taylor, Chief Financial Officer; Kelley Achenbach, Controller; Joshua Mazzei, VP of Operations; Michael Jennings, VP of Energy Delivery; Paul Phillips, Attorney; Sonja Gonzalez, Chief Information Officer; Maida Lessard, Executive Services Administrator (recording); Madeline McElaney, NRECA Director for New Hampshire; and Brenda Inman, Cooperative Member.

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

**Agenda Review and Consent Agenda Approval**

Chair Darcy then drew attention to the consent agenda items. No changes were made to the agenda. He then asked for a motion to approve the three items in the consent agenda (one was review only).

Upon motion of Mr. Laufenberg, seconded by Mr. Goodrich, 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 noted he asked the CEO to summarize in her report on our power costs update even though it is part of the power resources variance report in the meeting packet as it makes up a large portion of our members' bills.

He gave an update on the following items:

- There is a proposal to reduce the number of board committees.

- Per staff's request, the NH Broadband LLC Manager's meeting will be moved to the day before the board meetings rather than a week before.
- The executive session board packet will be shortened slightly by providing only a summary of the broadband results.
- There was a request to create a member tracking report for those questions by members that cannot be answered at the board meeting, however, it has been observed that staff follows up on these after the meeting. Therefore, we will be tracking member requests by utilizing the annual member survey.

### **Board Committees**

The Executive Committee met and proposed to make a change in the committee structure per the resolution in the board packet. The Power, Resources, and Access Committee will be combined into the newly renamed Budget, Finance, and Rates Committee, formerly known as the Corporate Services Committee, and the Member Services Committee would be combined into the Executive Committee. Since this affects many of our board policies, the board chair and the general counsel, per the resolution, will work together to make the necessary changes and present those to the board meeting in September.

Chair Darcy asked for a motion in favor of the proposed resolution.

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

**VOTED** That the Board of Directors approve the committee structure resolution as follows:

The Corporate Services Committee will be renamed the Budget, Finance, and Rates Committee;

The functions of the Power Resources and Access Committee will be transferred into the Budget, Finance, and Rates Committee;

The functions of the Members Services Committee will be transferred into the Executive Committee; and

The Chair and General Counsel will prepare amendments to Board Policies to present to the Board at the September meeting to implement these changes in Board Committees.

The vote for the motion was unanimous.

Mr. Laufenberg asked if it would make sense at some point to combine the NH Broadband LLC Manager's meeting with the Board of Directors meeting.

Chair Darcy responded that generally we would not combine them for legal, accounting, and other reasons. When the operating agreement was created, we had advice from a number of accountants, lawyers, and others to create it separately. We had two separate general counsels to recommend that there wasn't a majority of the board on the committee and it didn't look like the board was controlling that entity. There are a lot of complex things involved so right now we will not combine them but there may be a time when we might reconsider.

Mr. Dwyer commented that the way we currently report it is as an operating unit and most of the assets are sitting in the electric business which makes it hard to see. It would be much easier to understand if we could do a report which consolidates the broadband assets and the broadband operations for management reporting purposes to show us what our investment is and our operating costs all in one.

Ms. Taylor commented that our Capex reporting now consolidates our fiber and operating entity expenditures and we also break it out so there is transparency into the two businesses.

Chair Darcy then drew attention to the committee assignments. He noted his preference is to assign all four new board directors to the E&O Committee as our core business is the electric business and this would give them the opportunity to understand the electric business. He further noted he assigned new board directors, Ms. Barbour and Mr. Stringham to the Audit Committee since they have an accounting and financial background.

Attorney Phillips drew attention to the vacant seat on the Executive Committee, which Chair Darcy responded he will consider filling in the future.

### **Member Comments**

No member comments.

### **CEO Report**

Ms. Clemens Roberts called attention to her CEO Report in the board packet and reviewed the safety moment about using extra care on the roads as there has been an increase in fatal accidents from the same time last year.

There is an updated chart and explanation in the report for FEMA expenses for winter storm Vicky in April. The total cost of the storm was \$7.2 million and we are anticipating \$5.4 million to be reimbursed from FEMA.

The month of July saw a significant increase in load due to warmer than usual weather but power supply results are still favorable for the rate period. For 2025, RNS costs are expected to increase systemwide by about 20% due to an increase to the FERC filed RNS rate. By 2029 we are anticipating another 20% increase on RNS.

**Approved 9-24-24**

There has been a new member facing outage map uploaded which allows members to zoom in to see more granular details about an area and shows which outage you are linked to.

NRECA is involved in a cyber security project with the Department of Energy called Project Guardian. NHEC's CIO, Ms. Gonzalez, has been selected to be a participant in this group.

We participated in the Raymond Fair on July 12<sup>th</sup> to July 14<sup>th</sup> as one of our community events which is part of the strategic plan.

The RE magazine noticed that we put out a press release lowering our energy rates and called us to do an interview. Ms. Clemens Roberts did the interview and they spotlighted NHEC in their online forum.

We have upgraded to iVue Connect internally allowing staff to go into the time system and make changes to benefits, banking, etc.

Mr. Goodrich asked if the adoption rate is monitored for the new iVue Connect software.

Ms. Clemens Roberts replied that everyone has to adopt the upgraded software as the previous one will not be available after the first of the year.

Mr. Goodrich also asked what the threshold is for FEMA.

Ms. Taylor responded there is a matrix that has the county and dollar thresholds.

Ms. Clemens Roberts commented that we are also taking advantage of the mitigation funds from FEMA as it allows us to make capital investments in areas where we continue to see big outages.

Mr. Laufenberg asked how the recent meetings with FEMA went and what is the average turnaround time to getting reimbursement.

Ms. Clemens Roberts replied they have been successful. The turnaround time for reimbursement is anywhere from 2-4 years.

Ms. Albee asked for an update on the items in red on the dashboard, specifically CAIDI and SAIDI.

Ms. Clemens Roberts replied we had a number of outages early in the year and we do not anticipate CAIDI and SAIDI turning green this year. Safety has bounced back and forth between red and yellow as we set some pretty high goals. We have had a very active outage season and we continue to have aging infrastructure, and we are not on a 5 year cycle for trimming.

Mr. Mongeon asked what the goal of the NRECA Project Guardian is and is it filling any unmet needs.

Ms. Gonzalez commented the goal of the project is in the report. She has not attended the meeting yet and is still getting familiar with it. It is a group of representatives from different sized cooperatives gathering together to share experience and support each other and try to be stronger in the cyber security realm.

Mr. Viens asked if the tier number in terms of our coverage is based on the current financials.

Ms. Clemens Roberts replied there has been continuing improvement in TIER in the last few months. The decline was based on the active storm season and costs associated with that.

Mr. Laufenberg asked if the thresholds for red, yellow and green on the dashboard could be added, and does the board set these goals.

Ms. Clemens Roberts replied the goals are part of the budget process.

She drew attention to the white paper on net metering in the board packet.

Mr. Dwyer asked when looking at the tree trimming, whether we expect the 1.9 to hit the P&L before year end.

Ms. Taylor commented we spoke to our vegetation management supervisor and he reported we are slightly behind budget but we will close the year utilizing the whole budget amount. This is due to some large contractors that have been tied up with work in the area so work has been lagging.

Mr. Dwyer asked if the FEMA versus the actual cost has caused a positive increase of \$1.1 million in the current P&L.

Ms. Taylor replied the expenses for this year are \$8.8 million and we then booked a deferred debit as a receivable for \$6.6 million.

Mr. Dwyer commented in the financial write up it states storm costs are nearly \$4.8 million on the income statement and \$5.9 million of expected FEMA reimbursements have been booked as deferred debits.

Mr. Clark commented those numbers are a combination of major and minor storm expenses on the income statement as \$4.8 million and in addition a deferred debit on the receivables.

Ms. Achenbach commented we are deferring the expense and putting it on the balance sheet until we get the money from FEMA reimbursed at 75%. Estimated expenses will sit on the

income statement until it's a declared storm which we can then book 75% of the expenses as a receivable on the balance sheet from FEMA.

Chair Darcy drew attention to the statement in the net metering document on page 54 of the packet mentioning the distribution bill credits at a total of \$181,801. He asked if this was the result of above the cap and below the cap combined.

Mr. Clark replied it is just for above the cap. Below the cap is configured on a kWh basis so it nets with the bank so there is no real way of capturing that. It is referring to above the cap which has that exported credit of 2.4 cents per kWh for basic and then it declines down for basic 3 phase and traditional below the cap. It is just the above cap exported credit total on the distribution component.

Chair Darcy asked if that is the only aspect of net metering that puts upward pressure on distribution rates.

Mr. Clark replied that below the cap technically puts upward pressure on distribution rates at a much smaller proportion as shown on the pie chart. It has been embedded in our rate structure since the program was started.

Ms. Kedersha asked if you exceed the 1,000 kilowatt hours do you get a full or partial check.

Mr. Clark replied for above the cap you can generate a bill credit and every month the distribution credit caps at 2,000 kWh and you would continue to receive avoided costs for power supply. For residential customers, you would have the opportunity once a year to receive a check for anything you generate power on.

Ms. Albee asked when the proposal to increase the frequency of checks would occur as members that have net metering have been very interested in this. She also commented that the time of use uptake has been relatively modest and asked if there will be a review on the return of investment and are we going to continue this project. And lastly, she asked if municipalities come in with a plan for a large scale array is there any negotiated rates or are they put on the same rates that all others are put on.

Mr. Clark replied nothing has been finalized yet but we have been discussing it. It is hopeful we could bring a proposal forward this fall. As for the time of use program, we still have the same six members with trivial incremental costs so we will continue to monitor it. If municipalities are participating in net metering, it would be the net metering rate that you see on your schedule of rates and those rates can change.

## **Board General Session**

### NRECA Rate Seminar Discussion

Chair Darcy shared a short presentation and discussion on Rate Making Strategies and Policy Decisions for Electric Cooperative Boards seminar he attended. He noted that both cost of service studies and rate design involved a lot of informed discretion and policy considerations, and that the views of interested parties like bankers and consumer representatives differ on those subjects. He also noted that the NRECA presentation stated that most cooperatives hire consultants to help them with rate decisions.

Ms. Albee asked if the upcoming cost of service study will be presented to the committee first or at the board meeting.

Mr. Clark replied it is going to be presented at the regular board meeting in September.

Mr. Dwyer asked if the board could get it before the board meeting to have a chance to look it over in advance.

Ms. Clemens Roberts replied we will try to get it out early but at the very latest, we will have it to you the Thursday before the board meeting.

The meeting recessed for a short break at 9:11 a.m. and reconvened at 9:30 a.m.

#### NRECA Report

Ms. McElaney congratulated Ms. Gonzalez for being included in the Project Guardian and happy to hear about the interview with RE Magazine.

She drew attention to the report in the board packet and highlighted some upcoming events, October 15 – 18 the Northeast Association of Electric Cooperatives Directors Staff Conference, and on the first day of that conference is a Director Education Day which is \$89 to sign up. The 2024 winter school for directors is coming up in December in Nashville and this is a good opportunity for some of the new directors to get up to speed quickly on what NRECA offers for director education, and utility industry information. Not on the event list is the Clean Energy NH, formerly known as NH Sustainable Energy Association is having a 20<sup>th</sup> anniversary celebration on September 9<sup>th</sup>. It is a fundraising opportunity and Ms. McElaney will be speaking on a panel there moderated by Laura Knoy. NRECA has a whole suite of consulting services and two new services being offered are executive coaching and a 360 assessment for leadership team members. They also offer a board assessment including policies, procedures, board meetings, speakers, and hiring or finding of existing and new board members.

She further mentioned that NRECA has been closely following and speaking out against the EPA power plant ruling. She has included a link in her report with more information.

She also mentioned the Congressional August recess in her report as NRECA has a strong presence in the national political advocacy. They are nonpartisan and have a lot of resources for members.

She has a quarterly meeting with Jim Matheson, CEO of NRECA and if NH has any topics or concerns they would like her to bring to the national level to let her know.

Chair Darcy commented he has signed up for the NEAEC meeting and the NRECA course the day before per her recommendation.

Mr. Mongeon asked if Ms. McElaney could forward a link to the NRECA board evaluation to him.

Ms. McElaney replied if there was time, she would include it in the meeting chat or forward it to Chair Darcy via email and he can distribute. Delane is the board assessment person and she believes it is a fee for service program.

Ms. Clemens Roberts commented that she received a note from the Michigan Electric Cooperative about a month ago and it was forwarded to Mr. Viens as he is our representative on the committee. They have been working on increasing NRECA's presence on participation and focus on broadband and she would like to see us support the amendment at the Region 1 and 4 meetings.

#### Board Tracking Report

No comments.

#### Scheduling any Necessary Committee Meetings

The PR&A Committee meeting was scheduled for September 17<sup>th</sup> but Chair Darcy wants to schedule a Budget, Finance, and Rates Committee meeting which would include PR&A at a different date.

Ms. Clemens Roberts requested to combine the PR&A Committee meeting with the already scheduled Budget, Finance, and Rates Committee meeting already scheduled for October 25<sup>th</sup>.

Chair Darcy will think about that option as he is not sure he wants to wait that long.

Mr. Mongeon commented on the last page of the board packet, the Schedule of Reports and Approvals, that any other kind of reports that the board should be aware of, particularly those needing board approval be put on that list. For example, cost of service study, ERM, work with Korn Ferry, or power planning studies for review. He also mentioned a report he created previously to track ongoing projects at the board level that he will forward to Chair Darcy for consideration in the future.

Ms. Albee commented that there was a request last week for an internal audit non-financial meeting for some changes and she would like the Audit Committee members to weigh in on

that. She will be reaching out to schedule a brief Audit Committee meeting on September 9<sup>th</sup> or 11<sup>th</sup>.

Chair Darcy asked for a motion to go into Executive Session for purposes of discussion of confidential legal litigation, contract negotiations and personnel matters.

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

**VOTED** That the Board of Directors move into Executive Session for purposes of discussion of confidential legal litigation, contract negotiations, and personnel matters.

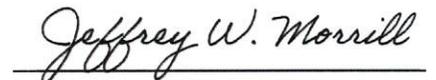
Vote for the motion was unanimous.

The Board of Directors, NHEC Staff, and Attorney Phillips went into Executive Session at 9:44 a.m.

The Board of Directors came out of Executive Session at 11:51 a.m.

Chair Darcy reported that the Board unanimously approved the IBEW contract as presented in the executive session.

Meeting was adjourned at 11:51 a.m.

  
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Jeff Morrill, Secretary

A TRUE COPY ATTEST:

  
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William R. Darcy, Chair of the Board