

Hardwick Electric Commission

Special Meeting

Minutes –May 26, 2026

Attendees: Commissioners: Michael Ambrosino, Chair, Renaud Demers, Roger Prevot, Jake Lester, Myles Kamisher-Koch; Staff: Scott Johnstone and Renae DiGregorio; Public: Ken Nolan, VPPSA General Manager and Heather D’Arcy, VPPSA Manager of Power Resources.

Chair Ambrosino called a Regular Meeting of the Hardwick Electric Commission to order at 6:01 pm at 20 Church Street, 3rd floor meeting room, in Hardwick having declared a quorum present.

There were no changes to the agenda offered.

There were no public comments.

Quickly jumping into dialog with the VPPSA members present regarding power supply. General Manager Johnstone offered some history regarding how Hardwicks budgeting process has been different than other VPPSA members and wanted to open the dialog between the board and VPPSA to understand why and if VPPSA should be altering the metrics used to budget for Hardwick specifically. Mr. Johnstone expressed that VPPSAs power supply team has the expertise and knowledge to offer great accuracy for Hardwicks projections with the one caveat that there are always factors influencing power supply that could throw the actuals off as things unravel throughout the year, usually in a constant state of change. Mr. Johnstone recommended that Hardwick use VPPSA as a resource when planning for power supply and retail sales as they are the experts. Commissioner Prevot offered insight into the different budgeting analysis used in the past for Hardwick. Hardwick would look at all types of customers, tiered down to individual major customers and analyze major changes. Commissioner Prevot emphasized that the worst thing to do was to overbudget sales of KWH based and the board’s goal was to try and forecast more accurate use by KWH history. Commissioner Kamisher-Koch added that one major element

in writing from their boards. Commissioner Prevot offered that this hedging number has come up in the past as it relates to cash flow circumstances and maybe the need to be over-hedged to reduce the risk of higher costs throughout the year. General Manager Johnstone mentioned that this is why he and Ms. D’Arcy went ahead and signed an additional coverage contract to reduce the risk of astronomically high summer and winter costs. Ms. D’Arcy stated that the hedging ratio always comes in at a different percentage due to so many variables with load forecasting and usage. Commissioner Lester asked if VPPSA is taking into consideration data from peak loads and as it relates to transmissions costs and power purchases. Ms. D’Arcy stated that the transmission costs are based on the load that is reported to ISO and If there are other sources like Hydro (behind the meter sources), it reduces what is reported to ISO as it relates to transmission costs. The energy purchases that get entered into do not impact what the peak load is which is what determines the capacity amount and what transmission costs are. Ms. D’Arcy mentioned that Mr. Johnstone has been working on obtaining a battery on site to reduce peak and capacity. Commissioner Lester verified with Ms. D’Arcy that the purchasing contracts we enter into to fill our coverage ratio do not impact the transmission cost and that they are separate issues. Mr. Johnstone said that this highlights that fact that we have little resources at our disposal right now to alleviate high peak times (like battery, etc.) that are increasing our transmission costs. Ms. D’Arcy then went into supply diversity and expressed that Hardwick does have several resources, solar, hydro and it’s important to diversify because of natural elements that occur. Further discussion occurred regarding resiliency and the importance of P10 being ready to supply at peak times. Commissioner Kamisher-Koch asked how other utilities like WEC arrive at hedging at a lower rate than 95-105%. Ms. D’Arcy stated that it really depends on the appetite for risk and how your utility wants to be covered throughout higher consumption periods. General Manager Johnstone expressed that he believes our job as a Muni utility is to take low risks. Commissioner Lester and Commissioner Prevot expressed that with the timeframe it takes to get rate relief it’s a safer plan to have lower risk for financial impacts. Mr. Nolan also added that with the ups and downs of the market and costs, you have to have massive cash reserves in order to

look further into that to get more detail. In regards to power supply budgeting, VPPSA will look at what the calculated value is. Commissioner Lester mentioned that getting this data would be important to understand where and how much load losses are continuing to grow in our system. Mr. Johnstone explained that there have been several internal conversations regarding new equipment to help the department identify more efficiency and accuracy within our system sizing. Mr. Nolan stated that with the upcoming AMI project we will begin to collect more data on voltage and power factors for each individual meter, which will also help identify the power quality across the system. Ms. D'Arcy continued conversation regarding the next steps in the budget development process, stating that after load data they will look at historical data to project for generation. Ms. D'Arcy stated that for energy market costs they will look at forward broker marks, which could be extremely volatile throughout the year but with higher hedged percentages that will reduce variation from the market costs. Ms. D'Arcy then presented on Hardwicks RES (Renewable Energy Standards) and that by 2035 the obligation is to be 100% renewable and 20% of that will be Tier II resources. Tier II resources are smaller resources like the billings road project. By 2035, 10% will also need to be tier 4 resources. Commissioner Kamisher-Koch asked how these obligations may change politically over the upcoming years. Mr. Nolan stated that with the affordability conversations happening and with any political shift things could change based on priorities. Mr. Nolan stated that VPPSA will always work toward finding the cheapest path forward for utilities to meet the regulation objectives but face several hurdles to balance risk and other alternatives without having the utility pay the alternative compliance payment. Commissioner Lester wanted to verify what qualified Hardwick projects for tier II obligations and Mr. Nolan explained that tier II resources qualify if the resource is less than 5 megawatts and can get connected to the VT distribution system. Commissioner Kamisher-Koch asked how different the current REC schedule is now with recent changes. Ms. D'Arcy stated that it's very different with new requirements and coverage requirements. Mr. Nolan added that with the previous changes, thresholds for the renewable energy requirement changed from 70% in 2032 to 100% in 2035. Mr. Nolan and Mr. Johnstone added that Vermont makes it harder to meet these standards with the

allowable. Mr. Nolan added that they have reviewed impacts for a few utilities through recent rate case reviews and have seen a slight benefit and reduction in transmission costs in the first 6 months for utilities that have resources like Hydro facilities.

The approval of minutes was next on the agenda. Commissioner Prevot moved to approve the minutes of the regular meeting on April 21st. Commissioner Ambrosino seconded the motion, and all voted favorably.

Next on the agenda was an action request to authorize execution of the Union Bank Current Expense Note continuation effective June 2026 in the amount of \$1,174,000 as a non-revolving Current Expense Note. Hardwick Electric currently maintains two separate Current Expense Notes with Union Bank. Current Expense Note #1 matures on June 5, 2026, and has a current outstanding balance of \$475,000. Current Expense Note #2 was opened in November 2025 and currently has an outstanding balance of \$300,000. This note matures on November 24, 2026. The combined borrowing capacity of the two notes is currently \$1,275,000, with approximately \$500,000 available. As Current Expense Note #1 matures June 5, 2026, Hardwick Electric has been engaging with Union Bank on the best method forward managing both short-term expense notes for the same purpose. Union Bank has prepared consolidating both existing notes into a single non-revolving Current Expense Note in the amount of \$1,174,000 at an interest rate of 4.99%, effective June 2026. The proposed terms include the following conditions: Both existing Current Expense Notes must be paid in full interest due on June 5, 2026. The proposed borrowing amount of \$1,174,000 is supported by HED's prepared cash flow certificate and reflects the approved short-term borrowing capacity. Under the proposed structure, total borrowing capacity would decrease from \$1,275,000 to \$1,174,000, a reduction of \$101,000 in available borrowing authority. Following payoff of the existing notes, approximately \$399,000 will remain available for future short-term cash flow needs pending receipt of operating revenues. Commissioner Prevot moved to approve and authorize execution of the Union Bank Current Expense Note continuation effective June 2026 in the amount of \$1,174,000 as a non-revolving Current Expense Note. Commissioner Ambrosino seconded the motion, and all voted favorably.

contract for engineering once we have a final agreement in place with FEMA on funding. Mr. Johnstone stated that we've been assured this agreement is forthcoming but with the current uncertainty surrounding FEMA I believe we should wait to sign a contract until we get this assurance from FEMA. Commissioner Ambrosino had several questions in regard to the D&K penstock design contract. Commissioner Ambrosino asked General Manager Johnstone to review the following items in the contract, why the contract requirement referenced two penstocks and why we haven't explored only putting one back in there, a possible generator connection, driver costs, construction administration, the fact that the contract stated they can periodically raise their rates, 12% reimbursement rate, service for bidders, and the required insurance coverage minimums. In addition, Commissioner Ambrosino wanted to clarify if we received other bids for this contract. General Manager Johnstone stated that we only received the contract from D&K due to the history that D&K has within our Hydro work specifically. Commissioner Ambrosino requested if the general manager could explore a possible discount for bundling more services with D&K. It was determined that no motion would be made from the commissioners to authorize the contract to move forward pending further discussion on the items Commissioner Ambrosino mentioned. Further discussion continued regarding the property survey contract. Commissioner Prevot recommended that it may be a good idea to make a motion to move forward with the property survey portion because that should be completed no matter the outcome with the penstock design. Commissioner Prevot suggested we think about going out to bid for the survey because there is a broader industry to serve those needs. General Manager Johnstone stated that he has seen most lead times be several months out and significantly more costly. Commissioner Lester asked if there has been any indication that this would be an expense Hardwick Electric would need to execute or if this is something that should be a shared cost to finalize with the other property owner in question. General Manager Johnstone stated that there has been no determination on how that would be settled yet, but that it is clear based on previous research done by Hardwick Electric the property has a longstanding history of complex documentation in regard to the boundaries. Commissioner Lester stated that if this survey is going to require that level of

determined and a true up will occur once it's finalized. There is anticipation of another rate review scheduled to begin this fall with VPPSA for Hardwick Electric. General Manager Johnstone noted that this is not unique to Hardwick Electric and every utility is going through a similar volume of rate reviews.

The General Managers report was the next item of business. Commissioner Kamisher-Koch mentioned the vulnerability of the SCADA solution for AI powered attacks is a concern that everyone should be aware of. General Manager Johnstone stated that VPPSA is actively working on this protection plan and is aware of the risk. General Manager Johnstone and the Commissioners had no other questions on the GM report memo. In the interest of time, GM report was very brief.

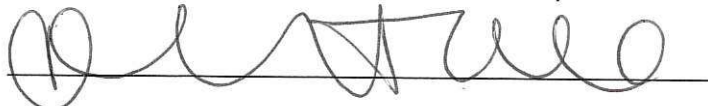
At 8:12 pm a motion was made by Commissioner Lester to move that the discussion remain confidential because its public disclosure would place the organization at a clear and substantial disadvantage. Commissioner Ambrosino seconded and all voted in the affirmative.

At 8:14 pm a motion was made by Commissioner Ambrosino to go into executive session under VSA 313 (a)(1) (E) and (F) and to include the general manager and controller in the executive session. Commissioner Kamisher-Koch seconded and all voted in the affirmative.

At 8:27 pm the Commission returned to open session.

At 8:28 pm a motion was made to adjourn the regular meeting by Commissioner Kamisher-Koch.

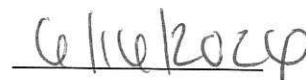
Seconded by Commissioner Lester and passed unanimously.



Recorded by: Renae DiGregorio, Controller



Commissioner:



Date



Date