Hardwick Electric Commission

Special Meeting

Minutes –November 2, 2026

Attendees: Commissioners: Michael Ambrosino, Chair, Renaud Demers, Jake Lester, Myles Kamisher-Koch; Staff: Scott Johnstone, Jamie Dailey and Renae DiGregorio.

Chair Ambrosino called a Special Meeting of the Hardwick Electric Commission to order at 6:00 pm at the Memorial Room located in the Hardwick Memorial Building, having declared a quorum present.

There were no changes to the agenda offered.

There were no public comments.

The approval of the minutes from the regular September meeting was first on the agenda. Commissioner Ambrosino moved to approve the minutes of the regular meeting on September 15th. Commissioner Kamisher-Koch seconded the motion, and all voted favorably.

The approval of the minutes from the special September 30th meeting was next on the agenda. Commissioner Kamisher-Koch moved to approve the minutes of the special meeting on September 30th. Commissioner Ambrosino seconded the motion, and all voted favorably.

There were no other action items for the evening.

Next on the agenda was the first review of the recent Deficiency and Electrification Study that was completed by PLM, a power engineering firm that supports most municipal utilities in Vermont. The study that was recently performed evaluates the current condition of HED's electric grid and identifies improvements needed to support future electrification, increased demand, and modern reliability expectations. General Manager Johnstone stated that typically these studies are required at least every 20 years and that he believes the last one that was completed for HED was in 1987. General Manager Johnstone stated

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that while many of the findings were not a surprise, the recommendations reflect the growing demands being placed on today's electric grid, including increased loads, improved reliability and resiliency, and real-time system monitoring. Mr. Johnstone stated that HED is generally in line with many other Vermont municipal utilities in terms of its current grid condition and investment needs. Utilities across the state are making similar investments to modernize their infrastructure and meet evolving regulatory and policy expectations. The study should be viewed as a long-term planning guide rather than a fixed schedule or budget. The study identifies significant distribution, transmission, and substation improvements over the next 20 years. Overall, the study identifies approximately $24 Million in improvements over the next ten years. Mr. Johnstone stated that Initial estimates suggest distribution and transmission investments could create approximately 1%–1.25% annual rate pressure, but the formula for rate impacts have several components to consider. These findings will help guide HED's Capital Improvement Plan and Integrated Resource Plan (IRP). Mr. Johnstone reported that a major element of the study is to rebuild the Hardwick Substation. Commission Chair Ambrosino asked how much the study may be underestimated for cost analysis. Operations Manager Jamie Dailey stated that he would estimate the study has underestimated the cost by 50%. Commissioner Kamisher-Koch asked if the plans to rebuild the substation would include floodproofing and General Manager Johnstone stated that when plans are explored, they will review that. Commission Chair Ambrosino asked if the life left at the Hardwick Substation should be identified as a major risk in present time, Mr. Johnstone stated that although this is the high priority we do believe with preventive care and quality checks it will live until we can fully make the upgrade in the next 5 years. Commissioner Demers stated that he feels it's important to make sure we are not just replacing items because they are "old" but because they actually need to be replaced. General Manager Johnstone stated that he agrees and the plan will be to test poles and equipment before replacement.

Next on the agenda was to review the first draft of a 10-year capital plan which includes transmission and distribution, fleet, IT enterprise system, SCADA, DERMS, rebuilding the hydro facility, etc. General Manager Johnstone stated that the State is now looking for long

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term capital planning to be in place for utility management. The plan mainly focuses on the results from the PLM study but also highlights a rotating fleet management plan because vehicle maintenance costs have been extremely high due to the aging fleet. Mr. Johnstone stated that this first draft is for 10 years but will publish 5 years for approval during the next budgeting season, which will be re-visited every three years. Commissioner Kamisher-Koch requested what the financing mechanism is going to be for this level of capital work. General Manager Johnstone stated that VPPSA has been moving in the right direction with new financing tools to hopefully fulfill a reliable financing option for its members. Controller DiGregorio stated that once that financing path seems more solid, they will present the framework of the financing at a commission meeting. Commissioner Kamisher-Koch stated that HED should explore longer-term financing tools and strategies, rather than relying primarily on short-term, locally sourced financing. Commissioner Kamisher-Koch stated that when the capital plan is put on the agenda for a vote, a corresponding financing plan should be presented alongside it for the Board's consideration with the goal is to identify more sustainable and robust financial solutions that better serve the interests of ratepayers and the Department.

Next on the agenda was the finance report for August. Controller DiGregorio reported that net income for August was $43,507.81 and that the Department received the second-quarter AMI reimbursement of $26,679.74 from VPPSA. August power costs totaled $361,390.57, approximately $45,562 below budgeted projections. Year-to-date expenses remain generally in line with year-end projections, with power costs continuing to be the largest variable and currently reflecting an unfavorable variance of approximately $117,000. Management noted that capital work has increased and has been a major focus for the team, which is expected to have a positive impact on the operating statement. Cash on hand at the end of August was $168,890. Other finance updates include, a $300,000 capital note was processed in October, and $71,232.12 in property taxes has been paid over the past two weeks. Approximately $240,000 remains available for ongoing capital work. No funds have been drawn from the operating line of credit to date in 2026, with approximately $399,000 remaining available. Controller DiGregorio stated that anticipated

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cash expenses over the next several weeks include approximately $50,000 in remaining 2026 property taxes, $255,883.60 in power costs, $35,000 in capital materials, and $8,500 in legal fees related to the building purchase and rate cases. Controller DiGregorio reported that the final PUC order has been received for the 2025 rate case and was consistent with expectations being approved at 6.84%. Controller DiGregorio and General Manager Johnstone stated that they are working with the DPS and PUC on finalizing all the details and closing this case. Lastly, Controller DiGregorio reported that she has been working on the 2025 audit and hopes to have this completed for the December meeting.

Next on the agenda was the General Managers report. Mr. Johnstone stated that the crew is continuing to work on moving into the new facility, which we are all so excited for. Mr. Johnstone also stated that he has been very active working on the DAM studies and engagement with the future of the dams. Mr. Johnstone stated that the direction the state is heading towards will be very costly to maintain the dams that are not currently benefiting rate payers. Next, General Manager Johnstone stated that both himself and Mr. Dailey attended an emergency planning meeting which is predicting a very doom and gloomy winter for electric utilities. Mr. Johnstone stated that El Nino is predicting high winds from the south and southeast which is the worst direction for power lines, heavy snow and ice storms. Mr. Johnstone is planning to get the three neighboring utilities together to prepare for winter coverage plans and prepare for longer outage storms to fight these storms together. Next, Mr. Johnstone reported on the PCB testing at the Hardwick Substation. He explained that a PCB removal project was completed in 1986, which included a State requirement for follow-up testing after 40 years. The required testing has been completed, and the results will undergo further review to determine whether any remediation is still necessary. Any required remediation will be evaluated for potential work in 2027. Commissioner Lester stated that he was at the Jackson Dam committee last week and noted that we should all be consistent with ongoing discussions regarding the future of the dams, including the importance of clearly communicating the Department's position and the financial limitations associated with using ratepayer funds for dam-related improvements. General Manager Johnstone will plan to add a Dam conversation to the next

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board agenda on 12/15 and invite the outside stakeholders to have a collaborative discussion regarding next steps from HED on Dam ownership.

At 7:59 pm a motion was made by Commissioner Ambrosino to go into executive session VSA 313 (a)(1)(A) & (F), and (a)2. These are, respectively, Contracts, Attorney Client Privilege, and Real Estate. Executive session to also include Controller DiGregorio, General Manager Johnstone, and Operations Manager Dailey. Commissioner Lester seconded and all voted in the affirmative.

At 8:23 pm the Commission returned to open session.

At 8:23 pm a motion was made by Commissioner Kamisher-Koch to move to adjourn the special meeting.

Seconded by Commissioner Demers and passed unanimously.

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Recorded by: Renae DiGregorio, Controller Date

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Commissioner: Date

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