

Hardwick Electric Commission

Regular Meeting

Minutes –June 16, 2026

Attendees: Commissioners: Michael Ambrosino (online), Chair, Renaud Demers, Roger Prevot, Jake Lester; Staff: Scott Johnstone and Renae DiGregorio; Public: Paul Brierre, Caspian Lake Dam Association.

Chair Ambrosino called a Regular Meeting of the Hardwick Electric Commission to order at 6:03 pm at 20 Church Street, 3rd floor meeting room, in Hardwick having declared a quorum present.

Updates to agenda: General Manager Johnstone recommended that the executive session be removed from the agenda, as there are no pending or updated matters requiring discussion. In addition, Mr. Johnstone recommended that we add the emergency outage that occurred Monday afternoon discussion to the GM report. Commissioner Ambrosino made a motion to remove the executive session from the agenda, all concurred.

Public Comment: Paul Brierre from Caspian Lake Dam Association stated that there is nothing new to report on from the Caspian Lake Association.

The approval of minutes was next on the agenda. Commissioner Prevot moved to approve the minutes of the special meeting on May 26th. Commissioner Lester seconded the motion, and all voted favorably.

Next on the agenda was a request to authorize Hardwick Electric General Manager to acquire additional VT Transco Class A&B shares that have been offered to Hardwick Electric. Vermont Transco LLC is offering our utility the opportunity to acquire additional equity shares. This offer consists of 10,949 Class A shares, 13,934 Class B shares, Price per share: \$10.00, Total cost: \$248,830. These shares would be acquired through on-bill financing with VPPSA, consistent with previous equity purchases. Once the financing for the purchase is fully satisfied, the ongoing distributions from Transco will provide a steady quarterly credit stream on our power supply invoices going forward. The return revenue

usually covers the new cost of financing with VPPSA (which is usually around the 7.5% range) but the rate is still being determined for this purchase. General Manager Johnstone stated that this level of investment will continue to grow each year due to VELCO capital work being completed. Mr. Johnstone also reminded the board that VT Transco is a subsidiary of VELCO. Commissioner Prevot made a motion to authorize the Hardwick Electric General Manager to approve and authorize the General Manager to acquire VT Transco Class A&B shares offered to Hardwick Electric for \$248,830 and any additional shares offered if other members decline the offering. Commissioner Demers seconded the motion and all concurred.

Next on the agenda was discussion regarding the FY25 Budget lookback and FY26 Budget Development. Controller DiGregorio expressed that the purpose of this agenda item is to review the FY 2025 budget-to-actual financial results and evaluate the key factors that contributed to variances from the FY25 approved budget. This review is intended to understand the utility's financial performance, including significant revenue and expense fluctuations, operational impacts, and other material items affecting year-end results in preparation for the final FY26 Budget approval. Ms. DiGregorio noted that the FY 2025 financial results are presented prior to completion of the annual audit, and several accounting adjustments and audit entries are expected. The FY 2025 budget anticipated a total cost of service, including power supply costs, of \$9,061,990 and projected year-end net income of \$813,000. FY 2025 actual results indicate total cost of service of \$9,718,384, resulting in a year-end operating deficit of \$(541,480). The variance between budgeted and actual results was primarily driven by higher-than-anticipated power supply costs, increased operating and maintenance expenses, and other materially non-operating financial adjustments discussed below. Material differences within operating expenses for FY25 were contributed from higher power supply costs, environmental soil testing, crew labor costs, vegetation clearing, and safety training. Operating revenue exceeded budgeted projections by \$193,711. Non-operating expenses were 15% below budgeted projections, controller DiGregorio mentioned that this contributed to the constant ups and downs of property tax assessment adjustments midway through each FY. Ms. DiGregorio is going to

work with the state on trying to better estimate the changes each year with the formula and methodology used. Controller DiGregorio stated that non-operating revenue budget was passed in FY25 with anticipated FEMA reimbursements of \$1.5 Million with actual revenue being \$583,445. This created a significant budget variance. Ms. DiGregorio stated that moving forward, FEMA/Grant reimbursement anticipated revenue will be delivered differently in our budget, so it does not fill budget holes that exist. For future budgets, we will be removing grant income from the income/operating statement, and she has already verified this is the correct treatment with the department auditors. Ms. DiGregorio discussed FY26 Development and is hoping to have the final presentation for the next board meeting. Major budget components that will look different will be revised labor distribution methodologies for both line crew and office staff to improve the allocation of labor costs across operating, maintenance, and capital activities. A reduction in fiber-related work is expected to decrease the amount of labor charged to capital projects, a more conservative approach to the labor projection for FY26. Removing Grant Income from the income/operating statement. A significant reduction in Right-of-Way (ROW) trimming expenditures. Routine ROW maintenance activities are anticipated to resume at normal or higher levels in FY 2027.

Next on the agenda was a quick discussion to inform commissioners that VPPSA will be holding the inaugural Annual Trustee/Commissioner Meeting for all members. The Trustees/Commissioners event will serve as an opportunity to get together and hear about the latest developments in the industry. All commissioners agreed that August/September is a doable time of the year and any time of the day is okay. Commissioner Lester expressed interest in learning more about the GIS Mapping System and capabilities. Controller DiGregorio will relay the message to VPPSA.

Next on the agenda was scheduling commissioners select board attendance. Commissioner Lester will attend 07/16, Commissioner Demers 08/20, Commissioner Kamisher-Koch 09/17 (pending), and Commissioner Ambrosino 10/15.

The Commission next took up a review of the financial report. Controller DiGregorio reported that April net income at month end was \$41,397.60. There was nothing significant or unusual to report on in Miscellaneous Income for the month of April. Customer work activity continued to increase, and we recognized proceeds from a minor scrap sale during the month. Power costs for April totaled \$377,505.31, coming in below budget projections by a non-material amount. Commissioner DiGregorio reported that operating revenue is still exceeding budgeted projections due to the pending rate case. This is expected to level out once the rate case has concluded. In addition, Property tax reassessments have been trickling in and will change our monthly expenses once the assessments have been finalized. Cash on hand at the end of the month was \$269,323. Higher payables have been impacting cash flow, which include paying the higher winter power invoices, vehicle maintenance, Hardwicks PILOT payment and catch-up vegetation maintenance that was not completed in the prior summer.

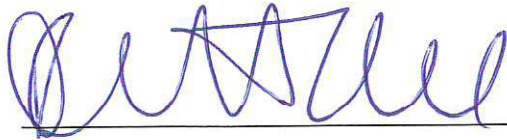
The General Managers report was the next item of business. General Manager Johnstone stated that he is still working on the formal review of the two D&K Hydro contracts (survey and for the penstock project) is underway. Mr. Johnstone plans to have them on the July meeting agenda for action. Both the Penstock and Generation House projects have been classified as “large” projects by FEMA and the review and approval process seems to have leapt forward. Perhaps within the next couple months we’ll have final awards approved for these mitigation projects and work can begin on the repairs at the hydro. The Nichols Pond Association has reached out to engage with HED on the future of the dam at that location. We’ll keep in touch with them as we move discussion forward. East Long Pond residents have just formed an association that has reached out to engage in the future of the dam. The Selectboard recently approved moving forward with further study of Jackson Dam removal. Mr. Johnstone stated that this would include downstream hydrological assessment and modeling, which is vitally important prior to selecting a path forward. Mr. Johnstone reported that the State of Vermont is requesting three test pits to be dug at our shop. This work is required as a follow up to work to clean up PCB’s that were found on the site in the 1980’s. This work should occur in the coming month. Mr. Johnstone is hopeful

that a final agreement will be reached and signed with Fidium within the next couple of weeks. Mr. Johnstone stated that the final deficient and futures grid study report should be ready for review at either the July or August meeting. The preview is that we've serious investments in the coming 10 to 15 years, with a pretty massive project that will span the coming 5 – 7 (rebuild the Hardwick sub, add regulators to the Wolcott sub and reconductor and replace poles between the two subs). To conclude the GM Report, General Manager Johnstone addressed the emergency outage that occurred Monday afternoon/evening. Mr. Johnstone stated that he understands this emergency outage came at the worst possible time of the day, but this was a decision that had to be made, and the repair needed to happen immediately. Mr. Johnstone explained that one of the regulators at the Hardwick substation failed. As soon as we became aware of the situation, both crew and staff began investigating to determine what the issue was. Green Mountain Power arrived with replacement equipment quickly and assisted our crew with replacing the regulator at the substation. Mr. Johnstone expressed that this highlights the need to make more investment into our system which will be performed over the next several years. Controller DiGregorio added that she has engaged with a new outage alert communication platform and Hardwick Electric will commit to a tool within the next month for our customers to have more reliable updates through future outages.

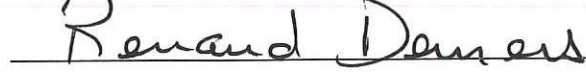
A motion was made by Commissioner Lester to recognize and express gratitude to Commissioner Prevot for his years of service and dedication serving on the electric Commission, and to thank him for his contributions at his final Commission meeting. Commissioner Ambrosio seconded the motion and all concurred. A huge thank you to Commissioner Prevot!

At 7:39pm a motion was made to adjourn the regular meeting by Commissioner Prevot.

Seconded by Commissioner Lester and passed unanimously.



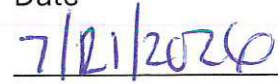
Recorded by: Renae DiGregorio, Controller



Commissioner:



Date



Date