Hardwick Electric Commission

Regular Meeting

Minutes – August 18, 2026

Attendees: Commissioners: Michael Ambrosino (Chair), Renaud Demers, Myles Kamisher-Koch, Jake Lester; Staff: Scott Johnstone and Renae DiGregorio; Public: Stuart Arnold, Caspian Lake Association.

Chair Ambrosino called a Regular Meeting of the Hardwick Electric Commission to order at 6:02 pm at 20 Church Street, 3rd floor meeting room, in Hardwick having declared a quorum present.

There were no changes to the agenda offered.

Public Comment: No public comments.

The approval of the minutes from the regular July meeting was next on the agenda. Commissioner Kamisher-Koch moved to approve the minutes of the regular meeting on July 21st. Commissioner Ambrosino seconded the motion, and all voted favorably.

The approval of the minutes from the special August meeting was next on the agenda. Commissioner Lester moved to approve the minutes of the special meeting on August 10th. Commissioner Ambrosino seconded the motion, and all voted favorably.

Next on the agenda was the adoption of the amended FY2026 Operating Budget. As anticipated when the original budget was approved, the amended budget was prepared following the onboarding of the new Controller, who was tasked with reviewing and analyzing the budget and making any necessary adjustments prior to final approval. The FY2026 Operating Budget is projected at $9.3 million in operating revenue and $9.2 million in expenses, with purchased power representing approximately 60% of total operating revenue. The proposed budget reflects an estimated 6.8% increase in operating revenue, a 5.2% decrease in total Cost of Service from 2025 actuals, a 7.0% decrease in Operating and Maintenance costs, and a 9.6% increase in depreciation, and property taxes. In preparation, the budget presentation also incorporated the projected 14% rate increase effective October 1, 2026, which was initially estimated to increase operating revenue by $194,139.04. Commissioner Ambrosino noted that the commercial revenue projection appeared to be incorrect. Controller DiGregorio identified the discrepancy as a workbook error related to net-metering updates. After correcting the error, the projected increase in operating revenue associated with the rate case effective October 1, 2026, was revised to increase projected yearend of $303,923.07. The amended FY2026 Operating Budget recognizes that purchased power remains the Department's largest individual expense and continues to represent a significant portion of the overall Cost of Service. Paired with the Operating Budget, the 2026 proposed Capital Plan was presented totaling approximately $1.1 million in projects, with the majority directed toward distribution improvements, including sub-regulator repairs, transformers, and pole replacement. Generation projects, including hydro facility engineering, repairs, and consulting services. Quickly jumping into the Department's projected cash flow and the potential impact of the 2025 rate case refund in regard to the 2026 Operating Budget. Controller DiGregorio noted that the FY2026 Operating Budget does not reflect the anticipated 2025 rate case refunds, which are currently projected to affect cash flow in approximately November 2026, contingent upon the Vermont Public Utility Commission's final ruling. The timing and amount of the refunds are expected to place additional pressure on operating cash flow during the latter portion of 2026 and may create short-term challenges in maintaining normal operations while the Department's cash position adjusts with closing the old case and commencing the new case. Controller DiGregorio presented four scenarios for consideration. Scenario A assumes the 2026 rate case becomes effective October 1, 2026, with a 14% increase, no FEMA funds received, and full utilization of the remaining line of credit (LOC). Scenario B assumes the 2026 rate case becomes effective October 1, 2026, FEMA funds are received in October, 50% of those funds are paid to VBB, and only partial utilization of the remaining LOC is required. Scenario C assumes there is no 2026 rate case and full utilization of the remaining LOC, illustrating the potential impact on cash flow and the importance of the rate case in rebuilding the Department's cash position. Scenario D assumes the 2026 rate case becomes effective October 1, 2026, no FEMA funds are received, a significant capital project is undertaken during the remaining FY2026 period, and partial utilization of the remaining LOC. Controller DiGregorio further explained that the cash expenses projected beginning in September represent the fixed and essential costs the Department anticipates incurring throughout the remainder of FY2026, including purchased power, VPPSA costs, payroll, taxes, fuel taxes, employee benefits, property taxes, Meridian costs, debt service, retirement expenses, and other necessary operating obligations. These projections are intended to identify the Department's essential cash requirements and provide a framework for managing operations through the conclusion of the 2025 rate case and the anticipated refund process. The Board agreed that the most effective approach to navigating the short-term financial constraints would be to direct Department crews toward a longer-term capital project that represents a meaningful investment in the electric system. By shifting crew resources toward a qualifying capital project, the associated costs could be financed through long-term borrowing, consistent with the useful life and long-term benefit of the investment. This approach would reduce near-term operating expenditures while allowing the Department to continue making necessary system improvements and strategically manage its cash position during the anticipated period of financial pressure. In addition to this strategy, General Manager Johnstone noted that during this period of time, the management team will also have heavy oversight and controls on any and all expenses that are required through the refund period. Mr. Johnstone also noted that the fundamentals of the Electric Department are strong and grounded, the conclusion of the 2025 rate case is projected to be a short term downfall that we will see flush out over a few months. Commissioner Chair Ambrosino made a motion to approve the FY2026 Operating Budget, incorporating the correction to projected commercial revenue associated with the 14% rate increase effective October 1, 2026, as discussed above, resulting in projected net income of approximately $428,000, including the approval of the FY2026 Capital Budget, including the purchase of the building, for a total capital budget of approximately $1.926 million. Commissioner Lester seconded the motion, and the motion was approved unanimously. Commissioner Kamisher-Koch emphasized that capital projects should be supported by secured financing prior to any commitment or commencement of work to avoid additional cash-flow pressures. This approach was agreed upon by the full Board.

The Commission next took up a review of the financial report. Controller DiGregorio reported that June net income at month end was $72,062.84. Power costs for June totaled $289,906.67, coming in below budget projections by a non-material amount. Commissioner DiGregorio reported that overall, YTD budget-to-actual performance remains generally in line with projections, with no significant variances or areas of concern. The primary exception is Purchased Power, which is currently showing an unfavorable YTD variance of $246,315.86. Transportation and vehicle maintenance expenses are also trending higher like we have previously mentioned, with approximately 83% of the annual budget expended to date. Interest income is performing favorably, with a current YTD surplus of $17,387.17. Power Production, Distribution Operations, and Customer Accounts are all currently tracking below their respective budget projections. Administrative and Customer Account expenses are trending slightly above budget; however, this is primarily related to pending audit adjustments that are expected to be recorded back to 2025 once the audit is completed. Cash on hand at month end was $180,112.

The General Managers report was the next item of business. General Manager Johnstone started with an update regarding the acquisition of the new building located at 1868 Route 16 in East Hardwick. General Manager Johnstone said that this acquisition helps HED address two issues. First, our shop is in a flood plain. This is not appropriate for an emergency facility such as ours. Second, HED has suffered by having two groups of staff located in different locations (office and field). Being co-located will greatly assist in having one team focused on providing superior service to and for our customers. As you know, the Town also gains from this purchase. They asked us to vacate our office so that it may become available for another critical use by the community. Commissioner Lester acknowledged the positive coverage from the Hardwick Gazette and Community for the support of this purchase.

At 7:42 pm a motion was made to adjourn the regular meeting by Commissioner Ambrosino. Seconded by Commissioner Kamisher-Koch and passed unanimously.

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Recorded by: Renae DiGregorio, Controller Date

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Commissioner: Date