

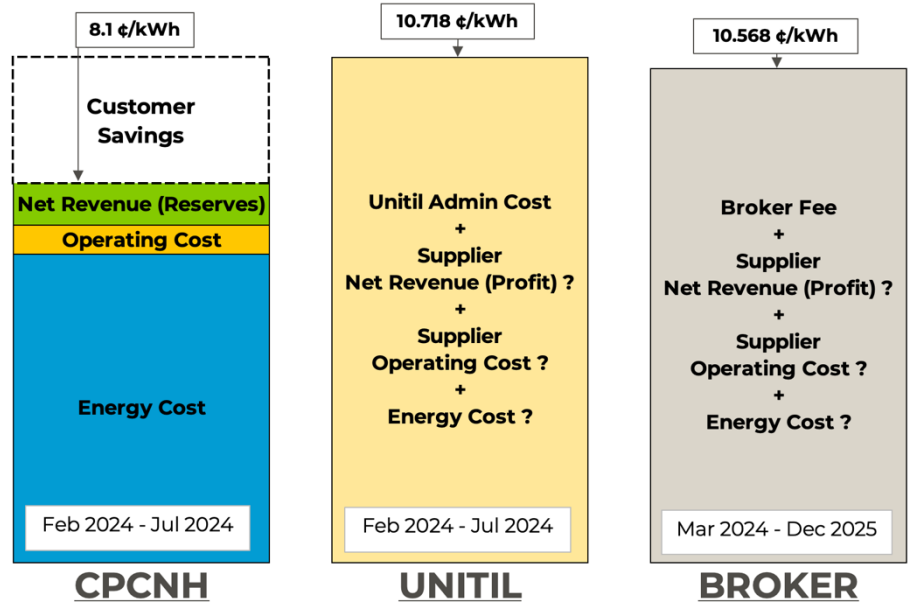


This document summarizes the role financial reserves play in Community Power programs administered by CPCNH, in accordance with the [Financial Reserves Policy](#).

CPCNH reserve policy is in line with the industry standard for nonprofits of keeping 3-6 months of operating expenses on hand.

This graphic illustrates the components of CPCNH's "Granite Basic" electricity supply rate compared to other models as of March 2024.

As a Member-governed nonprofit, CPCNH continually reports to its Members revenues and costs. Financial reserves equal the difference between revenue and costs, similar to profits for a private firm.



JOINT RESERVES

Joint Reserves are accrued, maintained, and used by CPCNH, on behalf of all Members. Reserve contributions are tracked and accounted for according to the share associated with each Member's Community Power program as per our Financial Reserve Policy.

Objectives

The objective of maintaining financial reserves is to ensure the sustainability of the organization, allowing for unforeseen challenges or opportunities. Reserves will help:

- ⚡ Maintain rate stability and protect against sudden upward adjustments in rates.
- ⚡ Ensure sufficient cash available to meet expenses.
- ⚡ Lower and avoid interest expenses, and thereby reduce costs to customers.
- ⚡ Build creditworthiness to become an attractive counterparty to energy suppliers and project developers, helping to lower contracting costs.
- ⚡ Achieve a credit rating and maintain good standing with rating agencies.
- ⚡ Manage risks identified in the Energy Portfolio Risk Management Policy.
- ⚡ Create shared understanding and transparency among all parties in the proper level and use of reserves.

The goal of developing and maintaining financial reserves **is not** to maximize reserves. The goal is to maintain target reserve levels to meet the objectives.

Joint Reserve Targets: Minimum, Target, Maximum

CPCNH's Financial Reserves Policy establishes the following targets for Joint Reserves:

	Days of Operating Costs	Goal to Achieve by
Minimum	60 Days	April 2026
Target	120 Days	April 2027
Maximum	180 Days	N/A

CPCNH launched service in April 2023. As of December 2023, CPCNH had accrued ~\$6.3 million in Joint Reserves, equating to ~29 days of operating expense.

DISCRETIONARY & EXCESS RESERVES

Individual Members may apply an “adder” to their Community Power rates for the accrual of Discretionary Reserves. Application of such adders must be approved by the CPCNH CEO and the Member's governing body or their authorized designee. Discretionary Reserves shall be tracked, accounted for, and transferred to the individual Member or otherwise applied or held by CPCNH as directed by the individual Member's governing body.

Members may use Discretionary Reserves to invest in developing new local energy projects, or to fund programs benefiting their customers specifically, or for other uses as determined solely by each individual Member.

CPCNH aims to make available the ability for Members to apply an adder to their rate to accrue Discretionary Reserves starting in August 2024.

Excess Reserves is a cap on the collection of Joint Reserves by CPCNH. If the accrual of Joint Reserves exceeds the maximum reserve target of 180 days of operating costs then the balance (“excess”) is allocated to Members as Discretionary Reserves.

RETURN OF RESERVES UPON SERVICE TERMINATION

A Member is entitled to their allocation of Joint Reserves when it elects to no longer be a CPCNH Member. There is no fee for leaving CPCNH, but any obligations entered into on behalf of the Member will need to be accounted for to ensure costs are not shifted to other CPCNH Members. These Member obligations could include energy supply or project contracts that were entered into on the Member's behalf. The value of those obligations will be calculated by comparing their original costs to replacement market products and could include losses or gains due to market movements.

After the effective date of a Member's termination, reserves in excess of the cost incurred by CPCNH as a result of the termination will be returned to the Member.