

MINUTES OF THE BOARD MEETING
OF THE BOARD OF DIRECTORS
OF
FALL RIVER RURAL ELECTRIC COOPERATIVE, INC.

July 26, 2021

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday, July 26, 2021, virtually and at the main office of Fall River Rural Electric in Ashton, Idaho. Having determined a quorum was present, President Draper called the meeting to order at 10:02 a.m. Executive Assistant Angie Haws recorded the minutes. The invocation was given by Jeff Keay. The Pledge of Allegiance was recited.

ATTENDING OFFICERS

President Dede Draper, Vice President Georg Behrens, Secretary/Treasurer Jodi Stiehl, and Past President Doug Schmier

DIRECTORS PRESENT

Husk Crowther, Jay Hanson, Jeff Keay, Anna Lindstedt, and Brent Robson

DIRECTORS ABSENT

None

OTHERS

CEO/General Manager Bryan Case, Attorney Jerry Rigby, CFO Linden Barney, Fall River staff Manager of Engineering Dave Peterson, Manager of Operations Trent Yancey, Propane GM David McKinnon, Propane Director David Moore, MECA CEO Gary Wiens, and Executive Assistant Angie Haws

APPROVAL OF AGENDA

Director Robson made a motion to approve the agenda as presented. Director Hanson seconded. President Draper asked if any were opposed. None opposed; THE MOTION CARRIED BY GENERAL CONSENT.

APPROVAL OF MINUTES

Director Robson made a motion to approve the June 21, 2021, Board Meeting Minutes as presented. Vice President Behrens seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE

Director Robson made a motion to approve the June 19, 2021, Board Meeting Minutes as presented. Director Crowther seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MEMBER COMMENTS

CEO Case addressed a member's concern with new service scheduling. Case looked into the matter discovering staff had met with the member and that the required permits had not yet been received. If all required paperwork is complete, typically the new service is scheduled within a few days. Volume has increased, but FR currently has a goal to stay

within a week or two for scheduling. It was noted another utility is currently out approximately six weeks for scheduling new services.

FINANCIAL & STATISTICAL REPORT JUNE 30, 2021, FINANCIAL REPORTS

Net margins are \$2.7 million ahead of budget. The big driver of the variance is still the revenue net of power costs as the budget was based on a possible recession and a 5% reduction in services. However, there is currently a 3% growth rate in new services and kWh sales per meter are also up over prior years.

Other significant variances include:

- A section 242 hydro incentive award of \$115K (net of commissions) received for 2018 generation at Chester
- Lower travel and meeting expenses year-to-date
- Lower interest expense due to low variable debt rates and a loan repricing

Cooperative equity is currently above 48% and the cash generated from operations YTD is \$5.4 million.

FR has invested \$1.3 million YTD in plant.

BOARD REVIEW OF FALL RIVER 990 FEDERAL TAX RETURN

Included in the board packet.

Director Hanson made a motion acknowledging that the 990 Federal Tax Return was reviewed by the board and to approve it. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

COOPERATIVE BUSINESS

QUARTERLY PROPANE UPDATE

Fall River Enterprises Board member David Moore presented the quarterly propane update. YTD Gallons sold 1,918,708 which is up from the budgeted gallons sold by 345,379.00 gal. The YTD actual net income is \$290,674.00 which includes the PPP Grant, Moore noted FR Enterprises is ahead of what was projected and doing well. The cost to purchase propane is higher right now sighting supply and demand. GM Dave McKinnon explained the current market and other factors in pricing such as crude oil, natural gas, and import and export changes. The price of steel is also up affecting FR Ent. purchase price of new tanks.

New commercial accounts have recently been added as well as a propane bid won, helping FR Ent. growth. A used knuckle boom truck was purchased for the Star Valley area saving \$80K. The new tank monitor program is in place and is available to customers for a \$5 monthly fee. The new CAP program will be introduced soon offering Constant monitoring, Auto Delivery, and Price protection.

FR Electric Board expressed appreciation for the efforts and expertise of management and noted the excellent service FR Enterprises provides.

STRATEGIC DISCUSSION THORIUM, AN ALTERNATIVE NUCLEAR FUEL

Included in the board packet.

2021 ENERGY EXPO SUMMARY & PROPOSE 2022 ENERGY EXPO DATE

Included in the board packet.

2021 ENERGY EXPO SUMMARY

CEO Case reported that the Fall River Energy Expo was held on Saturday, June 19th in a pared down format and newly titled Fall River Energy Expo. The hybrid meeting exceeded staff's expectations for the number of members who participated in person, given that the Cooperative was not serving breakfast. Fall River's annual meeting was scaled back from previous years, but included the following activities:

- 8AM-10AM, 11AM-12PM- Fall River Electric Vehicle test drives
- 9AM-10AM- Registration, voting, Fall River booths, STEM Activities for youth
- 9:20AM- Safety Demonstration
- 10AM-11AM- Business Meeting
- 11:15AM- Ribbon cutting for the North Fremont wind/solar project.

2021 VOTING SUMMARY

CEO Case stated we had robust voting at the Expo with nearly 17% of the membership participating in our elections, participating in-person and virtually, on-line and by mail. Online voting was encouraged with several members voting in person at the meeting. The voting was as follows:

Mail in ballots	738
Electronic ballots	1482
In Person	81
Proxy Ballot	1
% of Membership Voting	16.6%

SBS MAIL-IN & ONLINE VOTING DETAIL WITH MEMBER COMMENTS

Member voting comments were discussed, and it was noted that 97% of the membership that participated in the mail-in or online voting were either satisfied, or very satisfied with the process.

TETON H.S. SATURDAY, JUNE 11TH 2022

Fall River's 2021 Energy Expo and annual meeting is tentatively scheduled for June 11th at the Teton High School. Barring a resurgence or additional pandemic restrictions, the Cooperative is planning to return to a hybrid Energy Expo with in-person and virtual participation, featuring a breakfast, booths, safety demo, family friendly event, youth area and more.

HELPING HANDS ANNUAL REPORT

Included in the board packet.

POLICY COMMITTEE RECOMMENDATIONS

Policy Committee Chair Doug Schmier stated the following policies were reviewed and corrected or amended by the Policy Committee and are recommended to the full Board for approval.

GP# 311 DISPOSITION OF PROPERTY AND SALE OF MATERIALS AND EQUIPMENT

Included in the board packet.

GP# 413 JOB TRAINING AND SAFETY LOSS CONTROL

Included in the board packet.

GP# 603 EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION POLICY

Included in the board packet.

GP# 604 SELECTION OR PROMOTION OF PERSONNEL

Included in the board packet.

GP# 624 BENEFIT PROCEDURES FOR DISABLED OR TERMINATING EMPLOYEES

Included in the board packet.

GP# 626 BLOOD BORNE PATHOGENS EXPOSURE CONTROL PLAN

Included in the board packet.

Director Schmier made a motion to approve the following general policies as corrected or amended; GP# 311 DISPOSITION OF PROPERTY AND SALE OF MATERIALS AND EQUIPMENT, GP# 603 EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION, GP# 604 SELECTION OR PROMOTION OF PERSONNEL, GP# 624 BENEFIT PROCEDURES FOR DISABLED OR TERMINATING EMPLOYEES, GP# 626 BLOOD BORNE PATHOGENS EXPOSURE CONTROL PLAN. Director Crowther seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

NRECA VOTING DELEGATE & ALTERNATE

Director Hanson made a motion nominating Vice-President Georg Berhens as NRECA Voting Delegate and Director Jeff Keay as alternate. Director Crowther seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

BPA ISSUES DRAFT ACCEPTS TC-22

Included in the board packet.

RESOURCE ADEQUACY LETTER TO IDAHO'S NW POWER AND CONSERVATION COUNCIL MEMBERS JIM YOST AND JEFFERY ALLEN

Included in the board packet.

GARY WIENS, MECA CEO PRESENTATION

MECA is a not-for-profit, statewide trade association that represents 25 consumer-owned electric distribution cooperatives and three generation and transmission cooperatives serving more than 400,000 Montanans. The statewide organization provides government affairs, safety, training and education, and communications services to its member cooperatives, among other services. The cooperatives' service areas cover all 56 Montana counties. Each cooperative is customer-owned, locally controlled, and not-for-profit. MECA is based in Great Falls, and is the publisher of Rural Montana magazine, the state's largest circulation publication at 125,000, and the Montana Legislative Guide. A native of Glasgow and a 1974 graduate of Glasgow Senior High School, Mr. Wiens attended the University of Montana, graduating with a Bachelor of Arts degree from U of M's School of Journalism. He worked in the newspaper business for about nine years, beginning as a reporter for the daily Ravalli Republic in 1978 before later being promoted to the editor position. In 1987 he was hired to help start a semiweekly newspaper in Bisbee, Ariz. Shortly thereafter, he was hired by then Montana Congressman Ron Marlenee as a legislative aide in the congressman's Washington, D.C., office, eventually serving as his energy and public lands energy aide. In 1993, he returned to Montana to assume the assistant general manager position at MECA, which is based in Great Falls. He served in that capacity until being named on April 3, 2019, to succeed Mr. Wheelihan as MECA's CEO.

Mr. Wiens shared MECA's mission statement and goals as well as their desire to be the best in terms of service. He highlighted the legislative and regulatory services available and noted important surveys which offer important data to coops. MECA offers Admin support, and education and training for staff and directors. One of their goals is to build relationships in key areas, Wiens remarked on the good reputation MECA has with the policy makers, and the impact, it is important to ensure those involved in legislation understand the cooperative business model.

CEO Case complimented Gary on the quality of the Safety program they provide, and the instructor, in particular.

COOPERATIVE REPORTS BOARD REPORTS

Director Stiehl reported she attended the Goshen substation tour. She also attended the ICUA Annual Meeting and reported on some of the discussion that took place.

Past President Schmier reported That the NWPPA Annual Meeting is coming up as well as some changes in personnel at NWPPA. Schmier also participated in the ICUA Annual Meeting and enjoyed it.

Vice-President Behrens reported that he attended the ICUA Annual Meeting recently and shared the topics discussed. He mentioned that CEO Case was re-elected to ICUA and NRECA Board as the Director representative from Idaho.

There is an upcoming BPA workshop on resource adequacy, Behrens stated he would

send out a link to the FR Directors to access that information.

President Draper reported she attended an NRECA class and FR Enterprises Board meeting

Director Lindstedt reported that a management class, and rate class she attended had relevant information for upcoming discussions. She stated that she would have slides available for supplemental information.

CONSENT AGENDA

There was a discussion identifying corrections made.

Director Hanson made a motion to approve the consent agenda as discussed.

Director Robson seconded the motion which included expense vouchers, new memberships, purchase of power agreements, check register, safety report, and discounted patronage capital refunds report. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

EXECUTIVE SESSION

Director Robson made a motion to go into Executive Session at 1:57 p.m. Director Hanson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

Director Hanson made a motion to go out of Executive Session at 2:25 p.m. and Director Keay seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MANAGEMENT DISCUSSION ITEMS

COOPERATIVE "COMMUNITY" SOLAR

Included in the board packet.

FALL RIVER MINI MEMBER APPRECIATION TESLA TEST DRIVE EVENTS

CEO Case stated that there have been four mini member appreciation events that have taken place in Victor, Rigby, Driggs, and St. Anthony and there are at least three more dates planned located in West Yellowstone, Island Park, and Rexburg. The events will offer free conservation kits to our members, booths providing information and education on electric and propane services, and a Tesla test drive event. The response has been positive and is engaging FR members.

WRITTEN OFF ACCOUNTS

Included in the board packet.

QUARTER REPORT OF WORK PLAN PROGRESS

Included in the board packet.

YTD GOAL ACCOMPLISHMENTS

Included in the board packet.

FR EMERGENCY CURTAILMENT PLAN

Included in the board packet.

FALL RIVER FIRE MITIGATION PLAN

Included in the board packet.

MINI YOUTH RALLY

CEO Case reported that the ICUA canceled the 2021 Youth Rally event due to continuing COVID-19 concerns. FR opted to provide the Youth Rally recipients in our service territory an opportunity to participate in a one-day Mini Youth Rally event at our Ashton office on July 12, 2021. These students (sophomores and juniors) were given insight into the value of an electric cooperative, State government involvement, the future of power, FR sustainability efforts, future employment opportunities at FR, wind and solar demonstrations, hydroelectric operations, electric and propane safety, FR scholarship opportunities, and a Tesla test drive. Each student was also awarded a \$500.00 scholarship. It was an honor to have Rep. Megan Blanksma- Majority Caucus Chairwoman (Dist 23b) and Will Hart, ICUA Executive Director join us to discuss engaging in politics.

FALL RIVER VIDEOS-VIGNETTES

CEO Case shared four new videos set to debut on the FR website and social media platforms and will be available to view at the mini member appreciation events. The videos were produced by FR staff with Member Services Manager, Sheena Stricker taking the lead on this project to bring awareness to FR's membership in the following areas: member ownership, patronage capital, website tools for wind and solar, electric vehicles, safety-call before you dig. The Board members expressed appreciation to staff on a job well done.

4-H COUNTY FAIRS

CEO Case stated that funds were budgeted by FR Electric and in partnership with FR Enterprises to support customers and members of FR by participating in the 4-H livestock sales taking place at the upcoming county fairs.

HYDRO FACILITIES UPDATE

Island Park, Buffalo and Chester hydro generated a total of 3,225,282 kWh in June. This amounts to 7.3% of all the kWh billed by PNGC in June and 7.9% of all kWh sold and used by Fall River in June.

Felt hydro produced 3,331,000 kWh in June. When this is included with Island Park, Buffalo, and Chester, it amounts to 14.8% of all the kWh billed by PNGC in June and 16.0% of all kWh sold and used by Fall River in June.

ISLAND PARK

Island Park hydro produced 2,315,567 kWh during the month of June.

BUFFALO

Buffalo hydro produced 147,487 kWh during the month of June.

FELT

Felt hydro produced 3,331,000 kWh during the month of June.

CHESTER

Chester hydro produced 762,228 kWh during the month of June.

OREGON'S INJUNCTION TO CONTROL DAMS – RIVERPARTNER'S RESPONSE
Included in the board packet.

DONATIONS

Included in the board packet.

FALL RIVER'S MANAGEMENT REPORT

Included in the board packet.

REPORTS

EXECUTIVE COMMITTEE

Nothing to report.

ADMINISTRATIVE COMMITTEE

Chairman Jeff Keay reported that the Committee will meet next month.

Discussion topics will include scholarship applications, scholarship awards applied to two-year programs, and youth involvement with the Cooperative.

ENGINEERING & OPERATIONS COMMITTEE

Chairman Robson reported the Committee will meet August 26th at 1 p.m.

FINANCE COMMITTEE

Chairman Hanson reported the entire board will meet regarding the cost of service (COS) discussion. Budget meeting will be held in October.

POLICY COMMITTEE

Nothing to report.

ATTORNEY REPORT

Nothing to report.

2021 CALENDAR

Included in the board packet.

STRATEGIC PLANNING

The Board attended a Developing Effective Boardroom Decision Making course offered through the NRECA, taught by LDR Leadership Instructor, Lauren Gore.

The Board participated in discussion and several group exercises to define and evaluate the decision-making process, learning to shift the focus from making better decisions to reducing the probability of making poor decisions. Common mistakes in decision making are relying heavily

on heuristics in the analysis of data and information, jumping to solutions rather than properly defining the existing problem, and believing one has the primary responsibility to implement solutions to said problem. Some decisions are beyond our ability to predict or control the outcome. Problem identification is the most important step in the decision-making process. The decision process model states to start with the definition of the problem, not solutions. One key takeaway from the discussion was that the following questions should be asked when defining the problem.

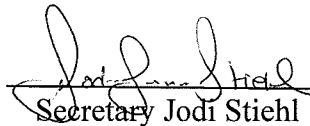
1. Is it Undesirable?
2. Is it Factual?
3. Is it Changeable?
4. Within Reason?

Once problems are identified and we begin the process of solving the problem there may be conflict. Conflict is inherent in decision-making. A discussion exploring healthy conflict and minimizing conformity, uncertainty, risk, and probability provided further clarity in the decision-making process.

ADJOURNMENT

There being no further business, **Director Behrens made a motion to adjourn. Director Hanson seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE. The meeting was adjourned at 2:57 p.m.

DATE APPROVED: August 23, 2021


Secretary Jodi Stiehl