

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

December 19, 2022

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday, December 19, 2022, at Ashton, Idaho. Having determined a quorum was present, President Behrens called the meeting to order at 10:03 a.m. Executive Assistant Angie Haws recorded the minutes. The invocation was given by Angie Haws. The Pledge of Allegiance was recited.

ATTENDING OFFICERS

President Georg Behrens, Vice President Brent "Husk" Crowther, Secretary/Treasurer Jodi Stiehl

DIRECTORS PRESENT

Past President Dede Draper, Jay Hanson, Anna Lindstedt, Jeff Keay, Brent Robson, and Doug Schmier

DIRECTORS ABSENT

NONE

OTHERS

CEO/General Manager Bryan Case, Attorney Jerry Rigby, CFO Linden Barney, Engineering Manager Dave Peterson, IT Manager Shannon Hill, Guest Milton Geiger with NRTC and Executive Assistant Angie Haws.

APPROVAL OF AGENDA

Director Robson made a motion to approve the agenda as presented. Director Keay seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

APPROVAL OF MINUTES

Director Hanson made a motion to approve the minutes from the November 21, 2022, Board Meeting as presented. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MILTON GEIGER, NRTC-SYSTEM RESILIENCY AND UTILITY SCALE BATTERIES

Guest Milton Geiger with the National Rural Telecommunications Cooperative (NRTC)) gave a presentation on battery energy storage systems highlighting the current technologies and applications, costs, and value. NRTC serves a diverse community of electric cooperatives throughout the nation. They serve distribution cooperatives, which provide power to end consumers, and generation and distribution cooperatives, which provide wholesale power to those co-ops.

GEORG BEHRENS-ENERGY SAVINGS PROGRAM

President Behrens presented a PowerPoint highlighting energy conservation and energy awareness.

MEMBER COMMENTS

The board shared positive comments they received regarding FR's stuff the trailer food drive events held in Rexburg, Driggs, Ashton, and West Yellowstone.

FINANCIAL & STATISTICAL REPORT

NOVEMBER 30, 2022, FINANCIAL REPORTS

CFO Barney reported on the financials for November stating the net margins YTD were \$1.3M ahead of budget. The major driver for increased margins is revenue net of power cost. The largest variance is accounted for as more kWh are being used by members than Fall River budgeted. In addition, Fall River's budget underestimated the growth in new services. Hydro expenses are lower than budget as the out-of-pocket expenses remained lower than estimated. The maintenance cost of redoing the parking lot in Ashton is included in the November numbers however we are still \$224K under budget on building repairs and maintenance as some projects have not yet been completed. YTD annual growth rate is 3.5% from new services. The equity ratio is just under 49% but will change because of the patronage capital general retirement and instant owner rebate. The Capital Budget shows we have invested 80% of this year's capital budget, which includes carryovers from last year. Employee housing development includes land purchased to date and will be one of the capital budget items that will be carried forward into 2023 when it is expected to be completed. Cash flow YTD, the Cooperative has generated \$5.6M from operations, invested \$5.1M in plant and materials, borrowed \$8.9M in May of 2022, and paid down \$3.2M in long-term debt.

ACCOUNTING CHANGE FOR GRAND TARGHEE LEASE

CEO Case and CFO Linden Barney reported that under the new accounting guidance, the generator lease is no longer considered an operating lease due to the purchase option Grand Targhee has per the agreement. The lease is now considered a financing lease and the asset needs to be recorded by Fall River as a "lease receivable" equal to the net present value of future lease payments. Because the lease agreement was based on estimates and executed before the costs were incurred, the present value of future lease payments is less than the actual costs incurred. These costs can no longer be amortized over the life of the asset but need to be handled in one of three options:

1. Expense estimated net losses now as a reduction to net margins in the current year.
2. Recognize the cost by applying the estimated uncollected costs to Fall River's equity.
3. As a self-regulated cooperative with the ability to set rates to cover costs, the Board has a third option available, which would be to move the estimated unrecovered costs to a deferred charge and amortize the costs over the remaining life of the lease.

Staff Recommendation

Given higher than expected net margins, Staff recommends that the undepreciated capitalized costs of the lease, in excess of the present value of future lease payments (\$188,000) be expensed against the current year's net margins.

The board discussed the pros and cons of the options presented.

Director Hanson made a motion to approve the staff's recommendation as presented. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

COOPERATIVE BUSINESS

FALL RIVER POTENTIAL MEMBER NOMINATING COMMITTEE AND NOMINATION PROCESS

LIST OF POTENTIAL NOMINATING COMMITTEE MEMBERS

Included in the board packet.

FALL RIVER NOMINATION PROCESS

Included in the board packet.

NOMINATING COMMITTEE FREQUENTLY ASKED QUESTIONS

Included in the board packet.

DISTRICTS UP FOR ELECTION

The following districts are up for election in 2023.

- District #2 West Victor
- District #3 East Victor
- District #8 North Island Park

PROPANE- ASSIGNMENT OF SHARES FOR VOTING FOR JANUARY FALL RIVER ENTERPRISES ANNUAL MEETING

Included in the board packet.

BPA ISSUES OF INTEREST

PPC PRINCIPLES FOR POST 2028 CONTRACT

Included in the board packet.

AHWM TALKING POINTS

Included in the board packet.

SETTLEMENT AGREEMENT AND RESERVES DISTRIBUTION CLAUSE PROPOSAL

Included in the board packet.

FALL RIVER LETTER ON RESERVES

Included in the board packet.

PPC LETTER ON RESERVES

Included in the board packet.

WILLAMETTE DECOMMISSIONING ONE STEP CLOSER

Included in the board packet.

GENERAL PATRONAGE CAPITAL RETIREMENT – SENT DECEMBER 9TH – MEMBERS HAVE STARTED RECEIVING CHECKS

NRTC VOTING DELEGATE

Director Hanson made a motion for Georg Behrens to serve as the NRTC voting delegate and Bryan Case as alternate voting delegate. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

NRECA VOTING DELEGATE

Director Hanson made a motion for Bryan Case to serve as the NRECA voting delegate and Brent “Husk” Crowther as alternate voting delegate. Director Schmier seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

EXPENSE FORM FOR 2023 AND DISCUSSION

CEO Case reviewed changes to the expense form noting the IRS mileage rate for 2023 has not been released as of the date of this meeting. Once that information is available an updated form will be sent out to the board.

UPDATED BOARD CALENDAR FOR 2023

Included in the board packet.

BOARD LEADERSHIP PROGRAM RECOGNITION – JODI STIEHL

President Behrens recognized Secretary Stiehl for her completion of the NRECA Director Education course “Board Leadership.” Behrens presented Stiehl with a certificate and the board’s congratulations.

COOPERATIVE REPORTS

Director Lindstedt reported she attended webinars this past month and emailed her notes to the board members. Points of interest were highlighted.

Director Hanson reported he attended CFC and ICUA webinars with reports on CFC being sent to the board members.

Vice President Crowther reported on the FR Christmas Party.

Secretary Stiehl reported she attended MECA meetings in November and noted the upcoming spring meeting

Director Schmier reported he has been following MECA and he also has an upcoming meeting at NWPPA in March.

President Behrens reported on ICUA meetings he attended as well as points of interest and speakers at the meeting.

CONSENT AGENDA

Director Hanson made a motion to approve the consent agenda. 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 Hanson made a motion to go into Executive Session at 1:27 p.m. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

A motion was made to go out of Executive Session at 1:32 p.m. and seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MANAGEMENT DISCUSSION ITEMS

GRANT COUNTY POWER SALE AUCTION AND FALL RIVER'S SHARE OF PROCEEDS

VICTOR FUTURE SUBSTATION LAND PURCHASE UPATE

CEO Case reported that this project is moving forward as planned to prepare for future growth.

FALL RIVER INCLUDED WITH NRECA CONSORTIUM FEDERAL GRANT APPLICATION FOR WILDFIRE MITIGATION IN ISLAND PARK AREA

CEO Case stated that FR is applying for wildfire mitigation grants and if awarded the grants, the projects will be brought back to the board for approval of final project costs.

POWER BLINKS VIDEO

Included in the board packet.

EMPLOYEE HOUSING UPDATE

Included in the board packet.

CONSERVATION REPORT

Included in the board packet.

HYDRO FACILITIES UPDATE

Included in the board packet.

IT TRANSITION TO ONE DRIVE AND MICROSOFT MEETINGS PLATFORM

IT Manager Shannon Hill shared an overview of some technology updates as well as plans to transition to One Drive and Microsoft Teams. Training will be provided.

DONATIONS

Included in the board packet.

FALL RIVER'S MANAGEMENT REPORT

Included in the board packet.

REPORTS

EXECUTIVE COMMITTEE

Nothing to report.

ADMINISTRATIVE COMMITTEE

Nothing to report.

ENGINEERING & OPERATIONS COMMITTEE

Nothing to report.

FINANCE COMMITTEE

The pre-audit conference call will take place January 18, 2023, at 9:00 a.m.

POLICY COMMITTEE

Nothing to report.

ATTORNEY REPORT

Attorney Rigby reported on the power system as it relates to the Columbia Basin.

ADJOURNMENT

There being no further business, **Director Hanson made a motion to adjourn. Director Schmier seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE. The meeting was adjourned at 2:01 p.m.

DATE APPROVED: January 23, 2023


Secretary Jodi Stiehl