

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

November 21, 2022

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday, November 21, 2022, at Ashton, Idaho. Having determined a quorum was present, President Behrens called the meeting to order at 10:00 a.m. Member Services Representative Melissa Hathaway recorded the minutes. The invocation was given by Director Hanson. The Pledge of Allegiance was recited.

ATTENDING OFFICERS

President Georg Behrens and Secretary/Treasurer Jodi Stiehl

DIRECTORS PRESENT

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

DIRECTORS ABSENT

Vice President Brent "Husk" Crowther, and Anna Lindstedt

OTHERS

CEO/General Manager Bryan Case, Attorney Jerry Rigby, CFO Linden Barney, Engineering Manager Dave Peterson, Keith Dennis Beneficial Electric and Member Services Representative Melissa Hathaway.

APPROVAL OF AGENDA

Director Robson made a motion to approve the agenda as amended. Director Hanson 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 October 17, 2022, Budget Meeting as amended. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

Director Robson made a motion to approve the October 24, 2022, Board Meeting Minutes as amended. Director Hanson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

KEITH DENNIS FROM BENEFICIAL ELECTRIFICATION LEAGUE

Mr. Dennis was welcomed, and the time was turned over to him for his PowerPoint presentation on Electrification and EV Buses. Keith also discussed beneficial electrification and what that might mean for consumers and electric cooperatives.

MEMBER COMMENTS

MEMBER COMMENTS GRAND TARGHEE GENERATOR TEST TO LOAD

CEO Case reported on the Grand Targhee generator testing and that the automated portion did not perform as expected. Additional equipment testing and evaluation are currently in process.

He also reported that a business owner in West Yellowstone was disconnected without notice as staff was working on an issue. All others in that area were notified.

President Behrens reported on a positive member comment about Fall River Helping Hands.

FINANCIAL & STATISTICAL REPORT

OCTOBER 24, 2022, FINANCIAL REPORTS

CFO Barney reported on the financials for October stating the net margins YTD were \$1.6M 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 what 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 estimates, maintenance replacement is \$55k under budget through October, and there will be a \$300k charge for the parking lot work which will be recognized in November. YTD annual growth rate is 3.7% from new services. Equity ratio is 48.6% but will change because of patronage capital general retirements. The Capital Budget shows we have invested 76% 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. Total new services connected YTD is 691 which is higher than last year at this time.

PROPANE LOAN REQUEST

CEO Case reported that Fall River Enterprises is requesting a loan for \$410k. This is to finance the purchasing of leased customer tanks. The long-term debt is for thirty years. The board discussed the loan terms and Fall River Enterprises long term debt summary. **Director Hanson made a motion to approve the \$410k Promissory Note 27000 for propane tanks. Director Robson seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

LAND PURCHASE

CEO Case reported that the Capital budget item for land purchase of \$200k which is set aside for a future substation site in Victor, ID. After a discussion on easements and locations a request to increase the budget to \$350k was made.

Director Hanson moved to authorize to pursue acquiring the land and easement for up to \$350k for the substation between Driggs and Victor. Director Schmier seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

COOPERATIVE BUSINESS

CONSERVATION, ENERGY EFFICIENCY & DEMAND RESPONSE

President Behrens gave a presentation to the other Board Members on generation which compared Fall River's name plate capacity with other utility scale generation. He also invited the other Board Members to let him know if they would like to give a presentation.

2022 GENERAL RETIREMENT OF PATRONAGE CAPITAL

CEO Case reviewed the proposed general retirement of patronage capital. The board reviewed this report in the board budget meeting, Staff recommended using the

accelerated general patronage capital retirement of \$2.5M and proposed this retirement would be sent out in mid-December to members. The board reviewed and discussed the proposed amount taking into account the Cooperatives financial position. After this robust discussion a discussion it was proposed to pay out approximately \$2.5M in general patronage capital retirement.

Director Hanson made a motion to authorize the early retirement of patronage capital in the amount of approximately \$2.5M. Director Schmier seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

INSTANT OWNER REBATE

CEO Case explained how the Instant Owner Rebate is allocated and reviewed an Executive Summary with supporting schedules which were included in the board packet. Staff suggested providing \$1.5M as an instant owner rebate by returning 2022 net margins to members by issuing a credit to consumers power bills in February, 2023. The board discussed retail rates, demand charges, various instant owner rebate amounts, the impact on the Cooperatives equity ratio and the Cooperative's overall financial position.

Director Draper made a motion to approve the Instant Owner Rebate to members of \$1.5M. Director Schmier seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

2023 WORK PLAN

CEO Case went over the highlights of the 2023 Work Plan. The big projects noted are the ongoing transmission upgrade, EV chargers, employee housing, RFP for software providers, the process for reviewing Fall River's post 2028 power and transmission wholesale purchasing options, INL microgrid pilot project, possible grant opportunities and building the brand. CEO Case also noted a focus on the fundamentals with efforts to check and correct mapping data, customer information, accounting and effort to clean up the Cooperative's records. These efforts will be essential as we migrate to new software solutions, rely on data mining and report writing to manage the Cooperative efficiently.

Director Hanson made a motion to approve the 2023 Work Plan as submitted. Director Schmier seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

2023 GOALS

CEO Case reported on the 2023 Goals.

Director Schmier made a motion to approve the 2023 Goals as presented. Director Robson seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

BPA POST ANALYTICAL TOOL SUMMARIZED BY PPC

CEO Case reported on the highlights and that he has been asked to serve on a corporate sponsored PPC committee with public power participants to discuss and seek compromises on BPA's proposed post 2028 contracts.

PNGC POST – 2028 CONTRACT DEVELOPMENT AND DISCUSSION CALENDAR

CEO Case went over the highlights of the report which were also included in the board packet.

2023 FALL RIVER ENERGY EXPO & ANNUAL MEETING

The meeting will be held June 17, 2023, at the North Fremont High School.
Timeline included in the board packet.

PROPOSED MONTHLY BOARD TOPICS

Included in the board packet. The Board discussed when policies should be reviewed as well as when to hold officer elections. President Behrens suggested to wait until it gets closer to the Annual Meeting. CEO Case asked that these topics be added to Future Topics.

COOPERATIVE REPORTS

Director Hanson reported that he is going to sit in on the ICUA Meeting and a CFC Podcast on December 30th.

Secretary Stiehl reported that she will be attending the MECA winter meeting.

Director Keay reported he attended the Propane board meeting and that they are making really good progress.

Director Draper reported that Fall River Enterprises interviewed three board candidates for the empty Propane board member position. Amber Boyce was selected.

President Behrens reported that he is attending ICUA and in January the legislative meetings. He asked if any other board member wants to go to let Angela Haws know so that she can book rooms.

CONSENT AGENDA

Director Schmier made a motion to approve the consent agenda. Director Hanson 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 1:45 p.m. Director Robson 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 2:30 p.m. and Director Robson seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MANAGEMENT DISCUSSION ITEMS

GRANT AWARDS FOR INITIAL IDAHO RESILIENCY & WILDFIRE MITIGATION
CEO Case reported that \$140k was awarded and that several staff members participated and were responsible for the success of receiving the grants.

COST REPLACEMENT FOR A TESLA BATTERY

Warranty covers replacement of the Tesla battery for a period of eight years or 120k miles. After warranty battery replacement cost is \$11k.

BPA FORECAST

CEO Case reported on the BPA forecast and felt they are underestimating Fall River's load requirement due to efforts to weather normalize. This underestimate will not impact our wholesale power costs.

STRATEGIC COMMUNICATIONS PLAN AND CALENDAR

Included in the board packet.

COOPERATIVE COMMUNITY SOLAR VIDEO

FR Marketing Manager Ted Austin put together the Cooperative Solar video. Link to video included on the agenda.

ORGANIZATIONAL CHART

Included in the board packet.

HYDRO FACILITIES UPDATE

Included in the board packet.

Chester hydro is offline due to ice buildup.
The Buffalo, Island Park and Felt are operating.

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

Nothing to report.

POLICY COMMITTEE

Chairman Schmier reported that the Policy Committee will be meeting twice next year, unless more meetings are needed.


ATTORNEY REPORT

Attorney Rigby reported on the FERC license to terminate Klamath Rivers four hydros and dams. A discussion followed.

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 2:51 p.m.

DATE APPROVED: December 19, 2022


Secretary Jodi Stiehl