

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

October 23, 2023

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday, October 23, 2023, at Ashton, Idaho. Having determined a quorum was present, President Behrens called the meeting to order at 10:00 a.m. Angie Haws recorded the minutes. The invocation was given by Dede Draper. 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, Jeff Keay, Anna Lindstedt, Brent Robson, Travis Markegard, and Doug Schmier

DIRECTORS ABSENT

None

OTHERS

CEO/General Manager Bryan Case, Attorney Jerry Rigby, Member Service Manager Clint Washburn, Brent Gamett, IT Manager Shannon Hill, CFO Linden Barney, Marketing Manager Ted Austin, and Executive Assistant Angie Haws.

APPROVAL OF AGENDA

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

APPROVAL OF MINUTES FOR SEPTEMBER 25, 2023

Director Robson made a motion to approve the minutes from the September 25, 2023, Board Meeting as presented. Director Schmier seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

ENERGY NW – GREG CULLEN – SMALL MODULAR NUCLEAR PROJECT

Greg Cullen Vice President for Energy Services and Development for Energy Northwest provided an overview of Energy Northwest, highlighting the small modular nuclear project. The board discussed load, generation, cost, timeline, other technologies, and projects.

After Mr. Cullen left the meeting, the board continued its discussion on the value of participating in exploratory projects. The board recognized the need for dispatchable and load based generation. The need to support the distribution system when the wind isn't blowing and the sun is not shining can be achieved on a small scale and short duration with utility batteries, pump storage, ultracapacitors, conservation and demand side management. However, for system stability and reliability. dispatchable, dependable generation may include geothermal (still costly and largely untested in our area), natural gas and nuclear. Fall River's current energy portfolio includes 10% nuclear generation. The need to keep Fall River engaged in new generation

resources was discussed.

Secretary Stiehl made a motion to contribute \$10,000 to support Energy Northwest's Small Modular Nuclear feasibility study. Past President Draper seconded. A voice vote was taken; THE MOTION CARRIED.

MEMBER COMMENTS

FACEBOOK MESSAGE FROM MEMBER

Included in the board packet.

FINANCIAL AND STATISTICAL REPORTS

SEPTEMBER 30, 2023, FINANCIAL REPORTS

CFO Linden Barney reported that the YTD net margins are \$505k ahead of the budget. The majority of the variance is in revenue net of power costs, which is expected to get closer to budget projections in the fourth quarter. Labor and overhead are \$164k under budget which is a 2.8% variance due in part to timing of new hires compared to when they were budgeted. Other significant variances are discussed in the variance analysis report.

The cashflow YTD of \$8.2 M has been generated from operations, \$7.8 M has been invested in plant and materials, \$2.5 M of principal on long-term debt has been paid down. Barney reported 60% of the capital budget has been spent. Three segments of line on the transmission line have been completed and came in significantly under budget. However, the costs of substation upgrades will likely come in over budget.

COBANK SWEEP & LINE OF CREDIT \$1M TO \$3M UPDATE

CFO Barney and CEO Case reviewed the sweep line of credit allowing the Cooperative to invest funds daily which requires an increased line of credit to facilitate this process. The line of credit will be paid off at the end of each year.

COOPERATIVE BUSINESS

MECA AND NWPPA AWARDS

MECA – HARD RIDIN AWARD – JEFF KEAY

President Behrens and CEO Case on behalf of MECA presented Director Keay the Hard Ridin' Award. This award is presented to a cooperative director or employee who has demonstrated character and perseverance amidst extraordinary difficulties. The board congratulated Director Keay on a well-deserved award.

NWPPA – FALL RIVER SAFETY ADVERTISING CAMPAIGN

CEO Case and President Behrens presented a second-place certificate on behalf of NWPPA to Marketing Manager Ted Austin for Excellence in Communications in the category of Advertising Campaign for FR's electrical safety campaign.

CEO Case noted FR received a No Lost Time Certificate for our outstanding achievement of an accident-free record from 2019-2023. CEO Case and President Behrens presented Operations Manager Brent Gamett with the certificate.

NWPPA – FALL RIVER SCHOLARSHIP BILL INSERT

CEO Case and President Behrens presented a third place Certificate of Excellence in Communications on behalf of NWPPA to Marketing Manager Ted Austin and Executive Assistant Angie Haws for an award in the category of Special Publications for FR's scholarship flyer inserted with member billing statements.

STRATEGIC DISCUSSION- PROPANE LONG TERM VALUE & EXPECTATION

PROPANE EXECUTIVE SUMMARY & POSSIBLE STRATEGIC DISCUSSION

The board discussed the direction and value of FR Enterprises Propane. CEO Case stated management and staff believe Fall River Propane will continue to grow and increase in value. Staff are not suggesting FR sell off Propane or make significant changes to the business model. There is still a focus on the expansion to ensure there is an enduring business model in Wyoming.

The trends and trajectory are all positive and heading in the right direction. Staff believes the Propane business is adding value to our Electric Members. Propane provides several advantages which include:

1. Fall River Electric has been able to pay back Instant Owner Rebates because FR Propane is increasing their equity and generating good margins.
2. Adding additional equity to Fall River as a whole which in turn reduces the need for increased electric retail rates to maintain the desired equity position.
3. Propane is meeting the shareholders' expectations and trending in the right direction in relation to growth, expanding the business and generating margins.
4. There are immediate benefits to the Cooperative in reducing our costs with leased land and facilities which are shared by Electric and Propane. Staff from Electric and Propane can and have helped each other when needed.
5. We have at times experimented with ideas in the Propane model to see if they will work on the Electric Side.
6. The managers of Electric and Propane work together and share ideas which have been helpful to Electric operations.
7. It appears as though in the near future; Fall River Electric may start getting stock dividends...payments from Propane back to the Shareholders which will reduce Electric's operating costs even further.

PROPANE MISSION, VISION, AND STRATEGIC OBJECTIVES

- Provide safe, competitively priced propane with exceptional service.
- Provide a return on our Shareholders investment of 7% and build the value of Fall River Propane.

- Continue to grow our market share in Idaho and Montana and build a sustainable business in Wyoming.

YTD FINANCIALS

Included in the board packet.

HISTORICAL FINACIAL GRAPHS

Included in the board packet.

FIVE YEAR FINANCIAL FORECAST

Included in the board packet.

EXAMPLE OF COMPANIES AVAILABLE TO BROKER A SALE

Included in the board packet.

TRAVEL PER DIEM EXECUTIVE SUMMARY

After reviewing the analysis President Behrens asked if the board felt the current meal per diem was still adequate. The board discussed tracking per diem, consistency, transparency, inflation, frugality, and IRS per diem rates.

Vice President Crowther made a motion to accept the IRS base per diem rate for board travel while representing the Cooperative. Secretary Stiehl seconded. A voice vote was taken; **THE MOTION CARRIED BY UNANIMOUS VOTE.**

STAFF ANALYSIS & PRESENTATION

Included in the board packet.

IRS DAILY PER DIEM BY STATE

Included in the board packet.

TOUCHSTONE FALL RIVER MEMBER SATISFACTION SURVEY

The board discussed the Touchstone Energy Satisfaction Survey scores. The study included approximately 8,900 members from 39 cooperatives with representation from 12 states across the country. FR's ASCI score was 13 points above the industry average for investor-owned utilities. CEO Case stated efforts to educate FR members that they are a member owner of the Cooperative have paid off showing an increased number from 50% up to now 70%-member identity. It was noted member engagement scores were high as well. The board discussed forms of communication, rates, new technologies, investments, website resources, the green power rate, and demand.

REGIONAL TRANSMISSION ORGANIZATION (RTO) OR INDEPENDENT OPERATING SYSTEM ISO EFFORTS IN THE WEST

CEO Case reported on the communications to BPA from utility organizations regarding BPA's responsibility for the plan to meet the evolving needs of customers and the necessary forward motion toward integrated system operations enhancing reliability and resilience.

PNGC AND OTHERS LETTER TO BPA

Included in the board packet.

ARTICLE IN CLEARING UP

Included in the board packet.

ARNIE OLSEN FROM E3

CEO Case highlighted the presentation and discussion.

BPA PROVIDER OF CHOICE POST 2028 COMMENTS

FALL RIVER COMMENTS

CEO Case stated the letter written to BPA from FR was included in the board packet. Case stated the purpose of the letter regarding the Provider of Choice Draft Record of Decision was to provide comments and input for our power supply and areas that FR believes require further consideration and revision. The topics addressed in the letter were system size, Tier 2 products, load growth, resource development, integration of non-federal resources, and peak net requirements.

NW POWER AND CONSERVATION COUNCIL COMMENTS

Included in the board packet.

PUBLIC POWER COUNCIL

Included in the board packet.

PNGC COMMENTS

Included in the board packet.

ICUA COMMENTS

Included in the board packet.

BIDEN ADMINISTRATION ANNOUNCEMENT

PPC RESPONSE

Included in the board packet.

NORTHWEST RIVERPARTNERS RESPONSE
Included in the board packet.

RIVERPARTNERS PODCAST
Link included in the board packet.

BPA DOLLAR INFOGRAPHIC
Included in the board packet.

GENERAL POLICIES FOR REVIEW

Director Schmier stated that the policy committee met and reviewed the following policies making minor grammatical and verbiage changes for accuracy and clarity:

GP# 101 COOPERATIVE POLICIES AND PROCEDURES
Included in the board packet.

GP# 201 FUNCTIONS OF THE BOARD OF DIRECTORS
Included in the board packet.

GP# 508 BOARD OF DIRECTORS MEETINGS
Included in the board packet.

Director Schmier made a motion to approve GP #101 “COOPERATIVE POLICIES AND PROCEDURES”, GP# “201 FUNCTIONS OF THE BOARD OF DIRECTORS”, and GP# 508 “BOARD OF DIRECTORS MEETINGS” as presented. Director Keay seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

RETAIL RATE INCREASE FOLLOW UP

CEO Case reported that the retail rate increase tools to assist the members with calculations, frequently asked questions, and energy saving measures that will affect their demand are available on the FR website. Member meetings will be held at each district office in November.

RETAIL RATE SHEET
Included in the board packet.

TALKING POINTS ALSO IN DROPBOX
Included in the board packet.

COOPERATIVE REPORTS

Director Schmier reported on NWPPA matters of interest.

Director Robson reported on attending a banquet representing Fall River.

Past President Draper reported on PPC and PNGC meetings attended.

Director Lindstedt reported on Market Watch meetings.

Director Keay reported on NRECA courses taken and FR Propane board meeting.

Secretary Stiehl reported on the Coulee Dam tour, MECA, PNGC, and NRECA Region 7&9 meetings attended.

President Behrens reported on ICUA meetings attended.

CONSENT AGENDA

Board and CEO expense reports, New Memberships, Purchase of Power Agreements, Check Report, Safety Report, Early Retirement of Patronage of Patronage Capital was reviewed by all Board Members in Board Package prior to meeting.

Director Robson made a motion to approve the consent agenda. Vice President Crowther seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE

EXECUTIVE SESSION

Vice President Crowther made a motion to go into Executive Session at 2:29 p.m. Director Keay seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

Director Schmier made a motion to go out of Executive Session at 3:38 p.m. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MANAGEMENT DISCUSSION ITEMS

SHOW AND TELL – FIBER DAMAGED – SHOT

CEO Case reported on recent damage to fiber and the importance of protecting our infrastructure. Case stated that additional efforts have been put in place to identify and hold accountable those that cause damage.

FALL RIVER NEW VIDEOS FOR MEMBERS

The board reviewed new videos available on the Fall River website on the topics of patronage capital and access fees. Case noted that there are several videos with different topics to provide additional resources and to educate the membership.

PATRONAGE CAPITAL

Link included in the board packet.

ACCESS FEE

Link included in the board packet.

Board Minutes of October 23, 2023

FALL RIVER GRANT APPLICATIONS UPDATE

CEO Case discussed the status of grants that have been applied for, noting that when new grants become available if they fall in line with FR's Strategic Plan and Vision and make sense financially, FR will consider applying. There are additional applications in the works for upcoming projects.

ENERGY EFFICIENCY EE AND CONSERVATION DOLLARS

CEO Case reported the Conservation program funds for 2024 and 2025 have been approved totaling \$600k.

ANNUAL MEETING ANALYSIS

CEO Case commented that the analysis also includes labor costs for the annual meeting which was included in the board packet for review.

SURPLUS EQUIPMENT SALE SUMMARY

Included in the board packet.

HYDRO FACILITIES UPDATE

Island Park, Chester, and Buffalo generated a total of 1,818,078kWh in September. This amounts to 8.0% of all the kWh billed by PNGC in September and 8.7% of all kWh sold and used by Fall River in September.

Felt Hydro produced 2,396,500 kWh in September. When this is included with Island Park, Chester, and Buffalo it amounts to 18.5% of all the kWh billed by PNGC in September and 20.1% of all kWh sold and used by Fall River in September.

ISLAND PARK

Island Park hydro produced 1,282,907 kWh during the month of September.

BUFFALO

Buffalo hydro produced 2,887 kWh during the month of September. The plant was offline most of the month due to the large amount of moss.

FELT

Felt hydro produced 2,396,500 kWh during the month of September.

CHESTER

Chester Hydro produced 532,284 kWh in the month of September.

CHESTER 242 HYDRO INCENTIVE LETTER

Included in the board packet.

DONATIONS

Included in the board packet.

FALL RIVER'S MANAGEMENT REPORT

Included in the board packet.

REPORTS BOARD COMMITTEES, MEETINGS, AND MEMBER COMMENTS

POLICY COMMITTEE

Director Schmier reported the committee will not meet again until next year.

ADMINISTRATIVE COMMITTEE

Nothing to report.

FINANCE COMMITTEE

Chairman Lindstedt reported on the Budget board meeting held in October.

EXECUTIVE COMMITTEE

Nothing to report.

ENGINEERING AND OPERATIONS COMMITTEE

Chairman Robson reported the committee will meet at 9 a.m. on December 18th.

ATTORNEY RIGBY'S REPORT

Nothing to report.


2023 CALENDAR

Included on the board agenda.

ADJOURNMENT

A motion was made by Director Schmier and seconded by Director Robson to adjourn the meeting. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE. The meeting was adjourned at 3:52 p.m.

DATE APPROVED: November 20, 2023



Secretary Jodi Stiehl