

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

March 22, 2021

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday March 22, 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 10:06 a.m. Executive Assistant Angie Haws recorded the minutes. The invocation was given by Georg Behrens. The Pledge of Allegiance was recited.

ATTENDING OFFICERS

President Dede Draper, Vice President Georg Behrens, Secretary/Treasurer Husk Crowther, and Past President Doug Schmier

DIRECTORS PRESENT

Jeff Keay, Brent Robson, Jodi Stiehl, and Anna Lindstedt

DIRECTORS ABSENT

Jay Hanson

OTHERS

CEO/General Manager Bryan Case, Legal Counsel Attorney Jerry Rigby, CFO Linden Barney, Fall River staff Sheena Stricker, Dave Peterson, Trent Yancey, Kory Maupin, Executive Assistant Angie Haws, guests from UAMPS Mark Gendron and Nathan Hardy, and potential candidate for Board District #1 Ellis Rail

APPROVAL OF AGENDA

Director Crowther made a motion to approve the agenda as amended. Director Robson 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 February 22, 2021 Board Meeting Minutes as amended. Director Crowther seconded the motion. President Draper asked if any were opposed. None opposed; THE MOTION CARRIED BY GENERAL CONSENT.

MEMBER COMMENTS

CEO Case reported on a member comment posted on FR's Facebook account thanking FR for the instant owner rebate she received in February. He also stated that he received a call from a member concerned about the access fee amount and had questions about Fall River's EV.

FINANCIAL & STATISTICAL REPORT

FEBRUARY 28, 2021 FINANCIAL REPORTS

CEO Case reported that FR had conservatively budgeted for the possibility of a recession this year, but the Cooperative is seeing strong kWh sales and new construction continuing to increase. The margins were better than expected. For comparison purposes, last year there were approximately 28 new construction services in February and this year there are almost 50. CFO Barney reported that net margins are \$754K higher than budget YTD. The main driver for this is revenue net of power costs. The budget was based on the possibility of a recession, but kWh sales during the first two months of the year are the highest they have been in five years. Instead of the 5% budgeted reduction in services, the current annualized growth rate in new services is 2.8%. The average residential service used 10% more kWh during the first two months of the year compared to what was used last year, and 12% more than during the same period in 2019. There are also some expenses that were budgeted during the first two months of the year that have not been incurred yet, such as outside training and hydro repairs and maintenance. YTD the cooperative has generated \$1.2M of cash flow from operations, invested \$277K in plant and paid down \$1.2M of principal on long-term debt.

COOPERATIVE BUSINESS

UAMPS PRESENTATION

Mark Gendron and Nathan Hardy from UAMPS (Utah Associated Municipal Power Systems), presented a PowerPoint, took questions, and provided answers to the board. UAMPS is a political subdivision of the State of Utah that provides comprehensive wholesale electric energy, transmission, and other energy services, on a nonprofit basis to community-owned power systems throughout the Intermountain West. UAMPS members are located in Utah, California, Idaho, Nevada, New Mexico, and Wyoming. They provide comprehensive energy services to their members, including planning, financing, developing, acquiring, constructing, operating, and maintaining various projects and transmission for the benefit of members. UAMPS currently operates 16 separate projects that provide power supply, transmission, and other services to the members who participate in them. Members choose which projects they participate in based on their unique needs.

The Carbon Free Power Project is in the first phase of investigating the feasibility of a small modular reactor project using NuScale technology. The CFPP could consist of up to twelve 77MW reactors located at the Idaho National Laboratory near Idaho Falls. The feasibility analysis includes engineering and regulatory activities to complete a site selection analysis in order to provide project participants the information necessary to decide whether or not to proceed with the Combined License Application.

The Horse Butte Wind Project is a 57.6 MW wind farm comprised of 32 Vestas V-100 1.8MW wind turbines and related facilities and equipment. The facility is located approximately 16 miles east of Idaho Falls and commenced commercial operation in August 2012. The project provides UAMPS members with a long-term supply of renewable electric energy and associated environmental attributes.

FALL RIVER ENERGY EXPO – ANNUAL MEETING PREPARATIONS
HYBRID IN PERSON OR VIRTUAL DISCUSSION / DECISION

Details of the potential Fall River Energy Expo (annual meeting) options were presented by CEO Case. It is the recommendation of the staff that a virtual annual meeting be held in 2021 due to the continued uncertainty of the Covid-19 impact in our area. The board discussed the options and consideration was given to the staff recommendation. The consensus of the board was to move forward with a pared down in-person meeting with a virtual participation option.

POSSIBLE BY-LAW PROPOSED CHANGES

The board revisited the proposed by-law change and the consensus was that, at this time, the verbiage for the proposed change needs to be further developed. Current legislation may negate the need to make a verbiage change to the by-law.

Director Behrens made a motion to table the discussion to possibly change the by-law section until next year. Director Crowther seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

NOMINATING COMMITTEE MTG REPORT

CEO Case reported the Nominating Committee met on March 17, 2021, at 6:00 p.m. Vice-President Georg Behrens and Attorney Jerry Rigby were also present and, along with CEO Case, they provided an overview of the corresponding packet materials and gave a summary of the purpose of the committee. There were ten members of the committee present at the meeting, and Paul Dye was voted committee chairman and Sara Bowersox, the secretary. The Districts that are up for election this year are #1 – Rexburg/Rigby, #5 – West Driggs/Tetonia, and #6 – Ashton. The nominations were moved forward for the districts involved, and the nominees have been notified of the requirements to become a candidate on the ballot at the annual meeting (now known as Fall River Energy Expo) to be held on June 19, 2021. The board then reviewed the nomination by petition process, which requires an interested nominee to notify the Cooperative, and the individual must obtain 15 signatures from FR members and submit them to FR by the April 25, 2021 deadline to be included on the ballot. Secretary/Treasurer Crowther reported a member comment he received regarding the nomination process and it was discussed.

SIMPSON PROPOSAL DISCUSSION

PROPOSED LETTER TO THE NW DELEGATES

The board reviewed a draft letter intended to provide insight from Public Power's perspective of the current issues and possible solutions to be sent to the NW delegates.

Director Schmier made a motion to support CEO Case in signing a letter to the NW delegates with similar substance as the example discussed. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

PPC ANALYSIS OF SIMPSON PROPOSAL AND STATUS QUO SUMMARY

Included in the board packet.

SUMMARY AND PATH FORWARD FOR NW POWER NEEDS

Included in the board packet.

PPC MEETING HIGHLIGHTS

Included in the board packet.

PPC STRATEGIC HIGHLIGHTS

Included in the board packet.

LEGISLATIVE TALKING POINTS

Included in the board packet.

OPALCO BPA ENERGY STRATEGY

Included in the board packet.

NRECA LEGISLATIVE CONFERENCE SCHEDULE

Included in the board packet.

PATRONAGE CAPITAL DISCOUNT ANALYSIS 2021 AND RECOMMENDATION

The Cooperative annually reviews and sets the discount rate to be applied to requests for early retirement of Patronage Capital. CEO Case reviewed the analysis that identifies the Cooperative's cost of long-term debt and the Cooperative's return on equity on a five-year rolling average. He stated these costs are allocated based on the respective amount of long-term debt and equity currently utilized within the Cooperative. The board determined to add 1% to cover administrative costs to process requests and issue checks for retiring patronage capital. Staff recommends Fall River's patronage capital discount rate be adjusted from 7.46% to 7.28% as of April 1, 2021.

Director Stiehl made a motion to accept the staff-recommended changes to the discounted patronage capital as discussed. Director Schmier seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE

STATE LEGISLATIVE UPDATES

ICUA

Included in the board packet.

MECA

Included in the board packet.

WREA

Included in the board packet.

PNGC SUMMARY OF EXPLORING NW STRATEGIES
Included in the board packet.

CONSENT AGENDA

Director Stiehl noted one change in description on her expense report. The consent agenda was recommended for approval.

Director Robson made a motion to approve the Consent Agenda as discussed. Director Schmier 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.

COOPERATIVE REPORTS

Director Stiehl reported she attended the NRECA PowerXchange and TechAdvantage sessions and commented on the quality speakers. She will be attending the upcoming NRECA Directors' Conference in March. She also reported that she was contacted by neighbors regarding a small outage in her area.

Director Lindstedt reported she attended NRECA training, and some topics covered were renewables and expansion on the grid. She also attended the AG workshop through FR (virtual), and she thought it provided a lot of conservation information and it was well done.

Director Robson reported on his EV test drive experience.

Secretary/Treasurer Crowther reported he attended the NRECA PowerXchange, and it was interesting.

Past President Schmier reported that he will attend the Legislative Conference coming up in April. He stated MECA meetings will be more frequent for a while. He also reported on the NWPPA meetings he attended, and he intends to send his notes to the board. He reminded those present that the NWPPA annual meeting is coming up in May.

Vice President Behrens reported he attended NRECA leadership meetings and enjoyed them. He stated that he will forward his notes from the ICUA meeting to the board. Legislative conference is coming up and we will need to determine who will represent FR.

Director Keay reported that he will be attending the upcoming Directors' Conference. He reported that the Administrative Committee will be reviewing scholarship applications in the near future.

President Draper reported that she attended the NRECA PowerXchange sessions, as well as a leadership focus session, and thought it was very worthwhile. She also reported on the March FR Propane board meeting she attended.

EXECUTIVE SESSION

Director Robson made a motion to go into Executive Session at 12:53 p.m. Director Behrens 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 1:45 p.m. and seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MANAGEMENT DISCUSSION ITEMS

FALL RIVER RESILIENCY IN THE FACE OF EMERGENCIES

FALL RIVER RESILIENCY DISCUSSION

Operations Manager Trent Yancey addressed the steps taken to prevent long term outages at FR. There are many things we do for annual maintenance; for example, tree trimming, pole testing, overhead line inspection, damage assessment, and looking for trends that indicate a problem. Currently, we are working on a plan to inspect all pad mount transformers. We have identified areas that are the worst for snow-loading and have put spacers in, greatly improving the outages in those areas. We are expanding that program as a result. Engineering Manager Dave Peterson addressed steps FR has taken to anticipate the power we will use. He stated that FR completes a construction plan every four years in addition to several other studies; for example, usage, load flow, and sectionalizing studies are also completed. CEO Case recapped the discussion and stated FR's maintenance and operational plans are in place and actively managed. The Cooperative is systematically making sure we have sufficient facilities for the long term. There was additional discussion on the following topics: natural disasters, fire, grants, growth, potential risks, safety, and outage communications.

TEXAS – ERCOT BLACKOUTS

Included in the board packet.

POWER OUTAGE FAQs

Included in the board packet.

SAFETY MEASURES AND EMPHASIS

EXECUTIVE SUMMARY OF SAFETY

CEO Case acknowledged how supportive the board has been regarding Cooperative safety programs, even making safety a strategic objective.

“Safety: Improve Fall River’s safety culture for our members, staff, and the general public to ensure a reduction in accidents and eliminate electrical contacts.”

He stated that the board effectively helps by approving workplans, goals, and budgets dedicated to ensuring a sound safety culture within Fall River, as well as providing education to protect the membership and the general public.

ELEMENTARY SAFETY DEMO SUMMARY

CEO Case stated that each spring Fall River Electric reaches out to all elementary schools within our service territory, currently totaling 15 schools, inviting them to bring students to our Ashton, Driggs or West Yellowstone offices for a free electrical safety demonstration. We offer to reimburse the schools/districts the cost

of the bus transportation so there is no expense to participate. This year, participation has been limited due to continued COVID-19 safety restrictions preventing more than half the schools from attending. Attendance for 2021 will be nearly 600 students.

HYDRO FACILITIES UPDATE

Island Park and Buffalo hydro generated a total of 1,241,637 kWh in February. This amounts to 3.6% of all the kWh billed by PNGC in February and 3.7% of all kWh sold and used by Fall River in February.

Felt hydro produced 1,386,000 kWh in February. When this is included with Island Park and Buffalo hydro, it amounts to 7.5% of all the kWh billed by PNGC in February and 7.8% of all kWh sold and used by Fall River in February.

ISLAND PARK

Island Park hydro produced 1,111,526 kWh during the month of February.

BUFFALO

Buffalo hydro produced 130,111 kWh during the month of February.

FELT

Felt hydro produced 1,386,000 kWh during the month of February.

CHESTER

Chester hydro did not produce any kWh again in February due to frazzle ice and the intake being iced over, but it was brought back online March 8.

EV EXECUTIVE SUMMARY

CEO Case said that FR's vision and strategic objectives would have the Cooperative test and learn about emerging trends and be prepared to assist members in making objective decisions pertaining to energy. FR will become the "go to" resource for members to educate by providing access to pertinent information.

FREQUENTLY ASKED QUESTIONS

Included in the board packet.

TEST DRIVE AGREEMENT

Included in the board packet.

FALL RIVER LINE LOSS

CEO Case reported that FR is sitting at 6%-line loss, which is considered a really good line loss rate (tracked monthly). Line losses can be controlled by balancing feeders, replacing old and less efficient equipment, improved metering of usage, tracking down power theft, improper metering calculations, etc. FR routinely

reviews ways to maintain our relatively low line losses. Meter inspections, replacing overloaded transformers, evaluating feeder line loading, and properly maintaining facilities are all required to keep line losses low.

DONATIONS

Included in the board packet.

REPORTS

In the interest of time, committees will report at the next board meeting.

ATTORNEY REPORT

A report will be given at the next board meeting.

FALL RIVER'S MANAGEMENT REPORT

Included in the board packet.

ADJOURNMENT

There being no further business, **Director Stiehl 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 2:46 p.m.

DATE APPROVED: April 26, 2021


Secretary Brent Crowther