

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

October 28, 2019

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday October 28<sup>th</sup>, 2019, at the main office of Fall River Rural Electric in Ashton, Idaho. Having determined a quorum was present, President Doug Schmier called the meeting to order at 10:05 a.m. Executive Assistant Joni Amen recorded the minutes. The invocation was given by Director Husk Crowther. The Pledge of Allegiance was recited.

ATTENDING OFFICERS

President Doug Schmier, Vice President Brent Robson, Secretary/Treasurer Husk Crowther, and Past President Jay Hanson

DIRECTORS PRESENT

Dede Draper, Jeff Keay, Jodi Stiehl, Anna Lindstedt, and Georg Behrens

DIRECTORS ABSENT - NONE

OTHERS

CEO/General Manager Bryan Case, GM JT Hill, Legal Counsel Attorney Hyrum Erickson, Propane Director Cindy Martinson, Fall River Propane General Manager JT Hill, Engineering Manager Dave Peterson, Operations Manager Trent Yancey, Operations Assistant Suzelle Burch, GIS Aide/Accounting Clerk Missy Nepple, Nick Josten, IT Stephen Beasley, and Executive Assistant Joni Amen

APPROVAL OF AGENDA

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

EXPENSE VOUCHERS

**Director Crowther made a motion to accept and approve Expense Vouchers as presented. Director Hanson seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

APPROVAL OF MINUTES

**Director Hanson made a motion to approve the September 30<sup>th</sup>, 2019 Board Minutes as presented. Director Keay seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

CONSENT AGENDA

**Director Hanson made a motion to approve the Consent Agenda. Director Stiehl seconded the motion which included, 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

### BOARD REPORTS:

Georg Behrens reported on the ICUA Conference Call he attended. ICIU is working on legislative issues that Will Hart will be reporting on soon. He also attended the Environmental Green meetings in Driggs as discussed last month.

Director Draper attended the Propane Board meeting and she thanked Propane Director Cindy Martinson for attending this Board meeting.

Director Lindstedt reported that she attended the Fall River Finance Committee meeting.

Director Hanson reported on the CFC Board meeting. The Independent Borrowers meeting will be held in a week. He also attended and chaired the Finance Committee meeting.

Director Stiehl asked the question of why there have been brown outs at her home in Island Park and business, the Trout Hunter. She has had questions from other members as well. CEO Case discussed some recent outages and asked that as members experience power quality issues to note the date and time and call the information in. Staff will follow up to report back on the specifics of recent power events affecting Last Chance.

Director Keay reported that he attended the MECA Annual meeting and he said he was very impressed. MECA is participating in the NRECA International Bolivia project. CEO Case reminded the Board that Fall River is a contributor to the Bolivia project. The Today's Members program was impressive as well, he said that they provide training for members. The only cost to members is for travel. He would like to present this opportunity to our members. There was a presentation that encouraged Coops keep an eye on green power and on level two EV chargers causing overloading on transformers. He said it may be adventitious to ask members to let Fall River know if they install an EV recharging systems at home. Concerns over the cost of easements for Railroad ROW's was also discussed.

President Schmier attended and enjoyed the MECA Annual meeting as well. He mentioned there were several committee meetings with around 26 other Coops that participate in round-table discussions and present their concerns. In Nebraska, Coops are worried about losing their voice and the legislature is requiring electric cooperatives to provide broadband. Safety was discussed and President Schmier said that it was emphasized that doing routine work fast contributes to complacency and this is when accidents happen. He said the bottom line is that communication is very important. Gary Wien is continuing as MECA General Manager and they will work on a strategic planning session soon. CEO Case said that Mr. Wien is making an effort to attend meetings in the Northwest and with BPA. Case mentioned he is pleased with recent improvements with staff and MECA as a whole and appreciates Gary's proactive approach.

Director Keay said that if there is anything the Board can do to encourage safety; he would like to. CEO Case said that Operations Manager Trent Yancey will be here this afternoon to do a Safety presentation and this can be discussed, and CEO Case expressed appreciation for the Board involvement and support of the Cooperatives positive safety culture.

CEO Case reported the new Hooper Springs Transmission ribbon cutting was held last week, and the name was changed on the line to the James R. Webb Transmission Line. He

said that it was a great honor for Lower Valley's CEO Jim Webb. They have been working on this project for about 20 years.

FALL RIVER PROPANE 3RD QUARTERLY REPORT – CINDY MARTINSON  
Propane Director Martinson took the floor and reported on the third quarter financials for Propane. Net income is well ahead of expectations.

General Manager JT Hill joined Mrs. Martinson to report on the successes of Fall River Propane and to provide a quarterly update. GM Hill and Director Martinson gave an update on the organizational chart changes. Propane continues to grow in number of customers and gallons sold. GM Hill discussed the restructuring of the organization which adds supervisors for delivery and service functions. Darin Hansen will move to a supervisory position and will dispatch daily work and supervise staff responsible for deliveries in all areas and Brad Burnside will supervise staff dedicated to providing service work which includes tank sets. There is a need for increased staffing due to the demand for both deliveries and service and the reorganization and additional staff will help meet customer needs and ensure Propane continues to grow. Fall River Propane currently has tank set and service work scheduled through the end of November.

A decision has been made to move forward with the purchase of a new software package which provides additional functionality and will be a driving force in allowing for additional automation and streamlining of business processes.

Among some of the accomplishments, the large propane tanks have been installed at the Marriott at Mack's Inn. Director Martinson reported the Propane staff provided a tailgate party in Star Valley and served free hamburgers and hotdogs, feeding approximately 600 people for Seniors night at the Star Valley's High School football game. The event was well attended, and people were grateful to Fall River Propane for the event. There was good exposure and we hope to secure new customers, but the main purpose was to show community support. Director Martinsen also provided financial reports showing activities for new customers, gallons sold, margins, and company growth are all very positive and are exceeding budgeted expectations

CEO Case reviewed the 5-year reforecast numbers which had anticipated a loss from Propane this year due to establishing and expanding Propane into Wyoming. However, Year to date Propane has generated \$347,000 in net margins and will end the year well above budget expectations. GM Hill thanked the Board for all their support and discussed Propane's notable accomplishments in safety.

#### MEMBER COMMENTS

VP Robison said that he has had several members inquiring about the Rural Act letters with interest in submitting letters of support.

Director Lindstedt had a letter hand delivered to her from a member about the merits of integrating renewable energy. Fall River's generation mix consists of 97% renewable power and the Cooperative has a good net metering policy to integrate distributive renewable energy. CEO Case volunteered to reply to Charles Woodward and will copy Director Lindstedt with the reply.

Director Behrens said that he had a member ask what happens to the extra green money they pay on their bill. The money Fall River receives from members/owners goes to pay for the operating and maintenance costs for the Cooperative's small hydroelectric plants

that produce renewable energy. Island Park, Buffalo and Chester all qualify as Low Impact Hydro facilities and generate renewable energy credits with are registered with a regional REC clearinghouse that tracks the creation and use of RECs. The dollars go to support our local hydro generation facilities.

## FINANCIAL REPORTS SEPTEMBER 30, 2019

CEO Case reported the Cooperative has net margins of \$771K better than the year to date budget expectations. Sales of kWh has been higher than anticipated due to the cold wet spring and cooler temperatures arriving early. The Cooperative will end the year with net margins higher than budget expectations. Growth in new services has a positive impact on the bottom line as fixed costs are shared by the additional services. Cash flow was discussed and to date \$11.5M has been generated from operations, \$2.1M has been invested in plant and \$2.9M has gone to pay off long term debt. Fall River will end the year with approximately 42% as an equity ratio. This represents continued financial improvement for the Cooperative and will be another good year.

Year to date, the capital budget shows we have spent 81% of what we expected so far this year. Site specific plans yet to be done were discussed and we may have to push one, Feeder 56 UG Replacement, forward to next year.

## COOPERATIVE BUSINESS

### 2020 WORK PLAN AND COOPERATIVE GOALS

CEO Case explained the proposed 2020 work plans and goals are the result of a complete overhaul in their format to line them up with the results of Cooperatives strategic planning. Fall River ties it's work plans, goals and budgets to its strategic objectives. Fall River's plan was discussed, and questions were encouraged. CEO Case explained some of the changes including the reliability topic and how we are changing our goals to include power supply outages. There is behind the scenes work being done to hold Fall River's power suppliers accountable to provide dependable transmission services. Highlights of the 2020 work plan include staff becoming drone certified with the FAA to use drones to inspect electrical facilities; focus on using data on power blinks to improve power quality for members; adding spacers and poles in Island Park to reduce snow loading outages; engage young Cooperative members/owners to identify interests and how to better communicate the Cooperative's non-profit cause; encouraging members to take advantage of the Fall River smart app for energy use, reporting outages, setting conservation targets, setting minimum and maximum power use notifications, etc.; continuing to control costs, increase work efficiencies and improve the Cooperative's financial health; expand safety demonstrations to include youth, emergency personnel and the general public; discuss and provide members with information of Fall River's 97% carbon free generation, solar and wind demonstrations, and solar for schools; assist towns served by Fall River to apply for grants and get electric vehicle charging stations installed; and become the "go to" experts in all things energy related, specifically electric vehicles, solar, wind, energy conservation, smart home technologies, batteries and backup generation.

The question of how many poles we have replaced and what the costs are, was asked. Suzelle Burch answered that we have replaced approximately 18 to 20 that were identified as priority rejects. There were more that were replaced as a result of accidents, and the costs vary to replace poles.

On the topic of young member engagement, the process and objectives were discussed,

and CEO Case explained that other Cooperatives have had some challenges in enlisting participation from younger members. Director Lindstedt recommended having the reliability maintenance and pole replacement information on Facebook. It would be good to educate members on how the Cooperative is proactive in our safety and maintenance practices. The board discussed preferences on how best to contact them personally and it was apparent there are various communication preferences.

In discussion of our recent history, the question was asked if the Cooperative was recession proof and if lessons from the past recession are a template if another recession were to occur. CEO Case mentioned the last recession resulted in the Cooperative taking action to reduce staffing levels and the implementation of multiple measures to ensure the Cooperative financials improved. We have been successful in implementing technology which has allowed a lean work force compared to other electric utilities and track benchmarks provided by CFC's Key Ratio Trend Analysis. The Fall River staff have become very efficient. If another recession was to occur the CEO and CFO have discussed the actions which could be considered. However, because the Cooperative has improved its financial position, a recession wouldn't be as problematic as it could be.

Safety wise, we are going to be checking to ensure crews are holding tailboards afterhours and we are migrating to an electronic version soon. The advantage will be that if there is an emergency, help can be sent to the proper place as those tailboards would be uploaded. Back up cameras will be installed, and AED's will be replaced. Bear spray will be changed out periodically.

The Integrated Resource Plan will include generation and power supply resources. CEO Case said we need to be ready to provide BPA with Fall River's expectations for future power agreements as they start developing new power and transmission contracts.

Director Lindstedt said she appreciated seeing the evaluation of financing options to encourage back-up generators for our members in the proposed work plan, given the large outages the CA folks are experiencing.

Cyber security training will continue in 2020. Director Hanson said that the book "Scam me if you can" is an excellent read.

Director Keay asked for more information on the Fall River smart app by including a billing graph by month.

Reporting and data mining are important aspects of using the information we have available to provide better service to members. Staff has been trained so we have internal talent able to generate reports and the Cooperative will also use the expert report writers at SEDC to develop complex reporting and analysis tools.

A new Electric Vehicle is being considered for next year and staff will develop a plan over the next couple of years to introduce EV's to our service area.

Director Keay said he is excited with the Trusted Energy Partner work plans and hopes those aspects of the 2020 plan are not forgotten. A Board discussion ensued on revenue streams, value to members and being prepared as a Cooperative to engage in new technologies. CEO Case said the vision of being our members "trusted energy provider" will be a long-term project and is intended to develop a foundation of information and experience to position Fall River so we be a resource and if the board decides we could provide additional services in the areas we have mentioned. The value will be in the

knowledge base gained and tools developed to help members as they make energy related decisions. We will be redirecting staff's time and energy away from other areas, but we have staff who are willing to take on the additional tasks and have passion to learn. He doesn't feel that it will take a lot of extra time and we can use available information gleaned from others in our industry. President Schmier said that for Fall River to be the experts in all things energy will be a good pursuit which will ultimately benefit our members and be a valued resource. Director Crowther was supportive of making the investment and recognized the efforts are similar to providing community service.

CEO Case reported that staff is cognizant of our stewardship to make smart, calculated investments with the expectation that eventually the Cooperative will get a return. Investments in understanding emerging technologies is similar to research and development where a return is not always guaranteed but for a company to flourish, it needs to stay in tune with changing environments. The value of Solar for Schools project was in the experience and education received while completing the project. CEO Case also discussed the value of the Cooperative's investment in the fiber backbone which at the time was for Fall River's own communication needs but has developed into a resource which provides service to the communities we serve and produces a good revenue stream. This investment appears as though it will be even more valuable in the future.

Director Lindstedt said the plan is very ambitious and she acknowledged the plan. Discussion continued on the goals compared to the workplan.

**Director Keay made a motion to approve the work plan and goals as presented. VP Robson seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

#### EXECUTIVE SESSION

**Director Hanson made a motion to go into Executive Session at 12 O'clock noon**  
**Director Behrens 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 12:40 p.m. Director Crowther seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

#### 2020 OPERATING AND CAPITAL BUDGET

**Director Behrens made a motion to approve the 2020 Operating and Capital Budgets as presented. Director Stiehl seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

#### PATRONAGE CAPITAL RETIREMENT FOR DECEMBER 2020

**Director Vice President Robson made a motion to approve the General Retirement of Patronage Capital as presented. Behrens seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

DRIGGS REQUEST FOR DONATION TO THEIR EV CHARGING STATION - \$5,000  
**Director Stiehl made a motion to donate \$5,000 to Driggs for the electric vehicle charging station. Director Keay seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

## BOARD CONFLICT OF INTEREST DECLARATIONS

Discussion was held.

## FALL RIVER SUBMITTAL OF LETTER FOR EXEMPTION FROM IDAHO UNCLAIMED REPORTING REQUIREMENTS THROUGH THE TREASURY

## RECOGNITION OF

Jeffery Keay – NRECA Credentialed Cooperative Director (CCD)

Brent “Husk” Crowther – NRECA Credentialed Cooperative Director (CCD)

Georg Behrens – NRECA Board Leadership

## BPA TRANSMISSION PROJECTS REPORT

Was included in the Board Packet.

## EXECUTIVE SESSION CONTINUED

**Director Hanson made a motion to go into Executive Session after lunch 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 2:10 p.m. Director Crowther seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

## MANAGEMENT DISCUSSION

CEO Case presented the third quarter goal accomplishments and the work plan progress.

Discussion was held on Wyoming PSC & WREA.

## ICUA PEER REVIEW REPORT/LETTER

CEO Case reported that the letter that was written was glowing, he said they really wanted to see some things that could be improved upon, though they appreciate the sentiment.

Operations Manager Trent Yancey then took the floor and gave a safety presentation to the Board. He explained that Fall River has OSHA required training each year that Fall River presents to staff. He explained that at each Safety meeting, every employee is asked if they have a near miss or accident. They are very open and honest; unlike the way it was in the distant past.

Mr. Yancey reported on the ICUA SAP program and feels it is a great program. Utilities share best practice ideas and learn a lot of practical and useful information from each other.

Fall River built a new high voltage safety demo trailer last year that is top notch. Fall River's school program, where they bring children from 4<sup>th</sup> and 5<sup>th</sup> grades, to the local warehouses and teach on the dangers of high voltage lines, is excellent. The Directors thanked Mr. Yancey and commended him.

## PURCHASE OF FELT LOT FINALIZED, TOTAL COST \$5,546.07

The purchase is complete and has closed. The log cabin on the property is falling in and needs to be cleaned up. Fall River could use this property for employee housing, if needed in the future.

## HYDRO FACILITIES UPDATE

Island Park - Fully operational and meeting the DO requirements, new regulations begin on November 1<sup>st</sup>.

Buffalo - Running well

Felt Hydro – Running well

Chester – Section 242 Appropriations have passed and are estimated to be around \$90k.

#### RETAIL RATE CHANGE UPDATE:

Talking points and resources for the Fall River's staff is in progress. Management is working to prepare about four major talking points on the rate restructure. A rate graph was shared with the Directors to help see graphically how the restructure will affect members bills. The average member will not see an increase. The graph shows that if you use lower kWh's, there has been a subsidy and with the restructure of the Access Fee and there will be a small increase on the bill.

#### MARKETING PLAN TO ROLL OUT THE CHANGES

Positive comments on the marketing plan were made by the Directors. Having a strong financial stance with the ability to absorb the BPA rate increases in the past is noteworthy.

#### FILED RATE TARIFFS WITH IDAHO, MONTANA AND WYOMING PSC

Wyoming was the only State that had concerns with the tariff sheets. CEO Case will work with them for final approval.

#### EMPLOYEE PARTY DECEMBER 6<sup>TH</sup> AT PONDS LODGE

All staff and Board members are invited and encouraged to attend.

#### REPORTS

##### MANAGEMENT REPORT

The staff training report is in the Board Packet.

##### BOARD REPORTS

Director Jeff Keay, as Chair of the Administrative Committee, asked about a review of the Fall River Bylaws. President Schmier said that it would be a good thing to review but will take some time.

Director Jay Hanson, Chair of the Finance Committee, reported that there will be a pre-audit conference call in January.

Discussion on Donations was held. There was explanation of how funds are given and what the requirements are. Director Lindstedt asked if there was any philanthropy reporting on our social media, stating the causes we support and tooting our own horn a little bit? CEO Case will take that under advisement.

Snake River dam removal was discussed. None of the Montana delegation is in favor of dam removal. CEO Case said the only one he knows of supporting the idea locally is Senator Simpson.

There was also discussion on emergency situations and self-reliance as the wildfires and PG&E outages have recently caused havoc in California. The generators backup program was discussed further.


#### ADJOURNMENT

There being no further business, **Director Robson 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 3:15 p.m.

DATE APPROVED: November 18, 2019

  
Secretary Brent Crowther