

MINUTES OF THE STRATEGIC PLANNING AND REGULAR BOARD MEETING  
OF THE BOARD OF DIRECTORS  
OF  
FALL RIVER RURAL ELECTRIC COOPERATIVE, INC.

August 20 & 21, 2018

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday and Tuesday, August 20<sup>th</sup> and 21<sup>st</sup>, 2018, at the Lakeside Lodge in Island Park, Idaho. Having determined a quorum was present, President Schmier called the meeting to order on Monday at 9:00 a.m. Executive Assistant Joni Amen, recorded the minutes.

ATTENDING OFFICERS

President Doug Schmier, Vice President Brent Robson, and Secretary/Treasurer Dede Draper

DIRECTORS PRESENT

Georg Behrens, Ron Dye, Jay Hanson, Jeff Keay, and Husk Crowther

DIRECTORS ABSENT

Debbie Smith

OTHERS

CEO/General Manager (GM) Bryan Case, General Counsel Jerry Rigby, Guest Facilitator Arnie Winkler, and Executive Assistant Joni Amen

Mr. Winkler explained the process for the day, he encouraged everyone to ask for clarification if needed. He asked that each person introduce themselves and give an example of something they were proud of Fall River for. Director Dye introduced himself and explained he was a contractor and he is proud of the fact that the Fall River financials have improved so much over the years.

Director Behrens is from Germany and worked for a Global Company, he now is a consultant and loves spending time with his kids. He is proud of serving on this board because it is so open and honest, and he sees no hidden agendas.

Director Robson said he is self-employed excavator and grandfather of 14. He is proud of the services Fall River provides. He is very impressed with capability and availability of the crews and said our reliability has improved. He loves the opportunity to connect with members. He stated it was a pleasure to serve Fall River.

President Schmier introduced himself and he explained that he runs two convenience stores, rents snowmobiles, and they run an electronics store. He said he enjoys being on the board very much.

CEO Bryan Case said that he has worked with Mr. Winkler at NWPPA in the past and has great respect for him. Bryan is married to his high school sweetheart and has 4 boys and 4 grandchildren. He is proud of Fall River because he thinks the Fall River staff and the board are outstanding individuals. In his travels he has observed that as a small Co-op, we do as much as the larger Cooperatives.

Executive Assistant Joni Amen reported that she has a background in farming, was a former Ashton City Clerk and feels very blessed to work at Fall River. Her father was a Fall River lineman, and her husband's grandfather was one of the original Cooperative directors.

Director Dede Draper introduced herself and explained that she and her husband raise goats, build rustic twig furniture, and host business guests at their ranch. She brings diversity to the Board and has become a Certified Gold Director.

Director Hanson explained that he is retired from the Experiment Station. He has 15 grandchildren, they enjoy traveling. He loves serving and is very impressed with how far Fall River has advanced since he was first on the Board. He also is very happy with our equity ratio and how we have improved the financial position.

Jeff Keay said that it is his 46<sup>th</sup> wedding anniversary today. He is retired from the US Geological Survey. He is trying his hand at writing and he is enjoying himself being retired and becoming a new author. Mr. Keay is proud to be working with Fall River, a non-profit, which brings value to the community.

Jerry Rigby introduced himself and said he has worked for many years at Fall River and is second generation General Counsel filling his father's seat. He has seen many board's through the years with different challenges. He is a water board specialist. He affirmed what Director Hanson said that we are ahead of the curve and on top of a lot of issues, while others are still struggling. He said that the board has evolved over the years. It is well-functioning now.

Husk Crowther introduced himself and said that he was from Colorado. He went to college in Utah. He owns an engineering consulting company. He said that he has served on other board's and this board was special because there was such good engagement and they work well together.

Arnie Winkler said he worked for NWPPA and recently retired. He is proud of the fact that he was welcomed to facilitate this meeting. Mr. Winkler explained what he expects at this meeting and he is asking for participation. He said silence means agreement. He also asked that one person speak at a time and have fun.

## BOARD CULTURE REVIEW

Each item on the Board Culture Statement were discussed. The importance of training was emphasized. When board members are out in public it is important not to express disagreements, but to represent the decisions of the board. Disagreements should be expressed during Board meeting. CEO Case explained some of the board responsibilities. Each board member is responsible to the whole Cooperative, not just the district they reside in. Being prepared for meetings is very important as is understanding the by-laws. It was explained that the CEO/General Manager is to run the day-to-day business and the board is to make and set policy.

## REVIEW THE SURVEY MONKEY RESULTS FOR THE ENERGY BUSINESS MODEL

CEO Case explained why he asked the questions he did on the survey and why they were yes/no answers. He wanted to see where the board and management of the Cooperative were on some of our upcoming power issues.

CEO Case has asked management team staff to attend PNGC meetings to spread a broader understating of power supply and transmission access. Each survey question was reviewed. Capacity for the future was discussed. The reasons that some believe we won't have a shortage of power and what the future might hold. There was discussion on the future of fracking and the impact to the industry given various scenarios. The generations coming up may have different political beliefs, technology will drive economics and change is inevitable. Trying to decide whether the value of hydro generation and the resulting duck curves from variable-renewable

generation was discussed and the potential impacts to wholesale power rates. BPA's carbon-free generation was discussed and its potential future value. Technology trends will have a major impact, it was just not known how much in rural Idaho. California just passed regulation requiring solar generation on every new home.

Discussion continued on breaching dams and what will happen if we have a breakthrough in battery technology. CEO Case explained that the hydro system is the largest battery in the world. There is a concern on the environmental impacts and fish costs. If we were to go outside BPA for power, we should be sure that we have a very good broker/purchasing manager. BPA is defining the preference rate. A BPA Slice pricing option will likely be available. It was noted that the group answered most of the questions conservatively.

Mr. Keay mentioned the impacts of climate change and mentioned changing weather patterns such as drought trends, precipitation trends and the impact this could have on water storage. Discussion of owning generation, versus not, was discussed. Financial issues depend on those options.

Long-term commitments were discussed and how comfortable the board is with signing on. Carbon taxes were discussed. There will be an environmental impact from any source of generation. If folks decide they want choice, there is going to be a cost and members will likely pay the extra for having choice. In planning for the future, some of these questions and the answer we come up with, will help us position Fall River for the future.

#### AGGREGATION OF DISTRIBUTIVE GENERATION AND STORAGE TREND

CEO Case said that there are companies purchasing residential distributive excess generation from states with rooftop solar and market the excess into the market. Fall River is the net aggregator for our system, by default. We currently credit excess generation back to the members.

Advertisers for solar are popping up lately on social media. Director Behrens said his take away from a class at NRECA, is that technologies that improve quality of life are worthy to consider. CEO Case said he envisions being the provider of solar, perhaps with partners. Demographics income levels were discussed.

#### DISTRIBUTIVE GENERATION TRENDS WHEN WILL IT IMPACT FALL RIVER?

Technology is improving, it seems there is an opportunity to explore Power-Walls. There are companies that are using batteries to shave peak loads now. The decision for it would be either in the home or in the substation. Fairbanks, Alaska has had battery backup for over 20 years but recently there have been significant reductions in the cost to install and operate. When will the cost of distributive generation and battery storage get competitive with Fall River's rates? There are places in the US where traditional distribution utilities costs are comparable without subsidization with renewable generation. The question is what happens when it becomes feasible in Idaho? Fall River has prepared for this eventuality by adjusting our rate structure and pricing costs will become even more important in the future. It was discussed that it would be a good idea for Fall River to become the energy solution for folks to choose from in the future.

How will a Block Chain platforms impact the Cooperative model? It is used for security in electronic transactions. This is likely how the financial transactions will be made in the future. The board discussed possible opportunities to use this in the energy business.

The Cooperative model was created because members couldn't generate their own power, now members can. What is the Cooperative's purpose in the future? Next steps for a smarter distribution system was shown graphically compared to the current way. The new way, featuring distributive generation and wind farms and how it totally changes the structure. Management of the smart grid and changing environment is our challenge. Fall River has implemented foundational technologies including AMI meters, a fiber backbone for communications, and artificial intelligence to help monitor in integrate smart devices in the field.

Discussion on load shedding and demand response was held. Farmers were very responsive to the BPA pilot program to manage load. The economics are still not sufficient to justify the program, but Fall River and BPA know they can make it work if and when needed.

Customer Retail Choice in Nevada and Wyoming was discussed. A Constitutional change will be required for choice in Nevada which will primarily benefit the casinos. Wyoming is exploring which industrial loads would be benefited most. The questions were asked on how would retail choice or competitive distributive generation and storage impact Fall River, what might the business model look like and what would our rate structure be? It was discussed that Fall River would either increase their fixed charge "Line and System Maintenance Charge" to be \$76 per month for residential accounts or start charging a combination of a fixed fee with a demand charge of \$7 per kw and a fixed charge of \$33 per month. Either method will generate sufficient operating margins to sustain Fall River.

## DEFINING THE ENERGY BUSINESS MODEL OF THE FUTURE

What has Fall River done to prepare for this type of future?

- Connecting with PNGC and looking at alternatives, including our firm hydro power.
- AMI Metering
- Fiber to Substations- continue using it and consider whether to offer more services
- Conservation
- Installed solar/wind demos to see real-time
- Solar for Schools is futuristic and will be a good teaching tool
- Training for staff and board to bring back new ideas
  - Gather information by being at organization trainings.
- Hydro in-house management- Took back Felt ahead of time.
- Line and System maintenance fee
- Considered consolidation to become stronger. It was suggested by Arnie that if you ever decide to consider a merger, be sure to consider the other company's culture.
- Active as a Cooperative in regional and national representation.
- Equity Improvement
- Broadband option
- Studying peak demand billing for residential members

What does Fall River need to do yet?

- Mr. Rigby said he felt that fiber is inevitable and suggested exploring how far we will go. CEO Case explained the wholesale fiber contracts in place and that the Cooperative is working on presently. He discussed Fall River's wholesale fiber business and its potential. His question was, does Fall River consider a retail fiber business? If we go into the fiber retail, it will look a lot like propane, with a lot of competition.

- Mr. Keay liked the wholesale model the Cooperative is currently using. Mr. Crowther likes it too as the costs are lower. He would like to serve larger wholesale markets. President Schmier asked if there was a need for community service? The majority felt the same and didn't know that it would be worth the risk.
- There is new technology with 5G cellular/wireless service and which works well in high density areas and it is very expensive.
- Consolidation was discussed and being positioned well has advantages.
- Solar distribution and battery storage were explored and the feeling that we be a provider in the future.
- Rate structure is reviewed often and it was proposed we continue to work at setting retail rates which position the Cooperative for the future.
- Natural gas lines have been explored historically and will be looked at again in the future.
- The board was committed to a financially strong Cooperative to prepare for an uncertain future.
- Fall River's board felt it is important to stay engaged with members and their economic condition, so we can be proactive in meeting member's needs.
  - By keeping up to date in the schools and awarding scholarships
  - By doing good and talking about it. We should have a presence in the community.
  - Using the Helping Hands program to benefit members
- Keep finger on the pulse emerging trends and develop tested programs to meet members changing needs.
- Maintain what has been accomplished. Fall River has made great progress in keeping rates low, providing reliable power, and keeping employees and the public safe.

CEO Case passed out a sheet of accomplishments and strategies covering reliability, safety, and operations. The linemen have particularly taken to advancements in technology, working on their iPads and working towards a mobile workforce. There are many items on the list that we have benefited, directly from the AMI's. There are many more uses of the existing technology and data, in the future staff will continue to take advantage by using artificial intelligence to help with prediction of outage locations, identify preventative maintenance, voltage drops and overall improved power quality. Next generation SCADA implementation is something that can be improved on and will be explored. Customizable dashboards will be focused on in the next year for each department.

Cyber Security will be an ongoing concern and is being addressed. Paperless transactions are becoming the norm. The fiber system is extremely secure and will help in managing the emerging agile, fractal distribution system. Member information is very sensitive, and it is important that we protect our members' information.

We are focusing on Propane services in 2019. The Smart Home program was discussed. CEO Case said he would like to see Fall River do a community engagement program for our members, such as a food pantry, or some type community assistance program. We discussed benchmarking with other utilities to make additional improvements in members services.

The Board reviewed the Cooperatives Vision statement and discussed what we want to stop doing and what do we do more of?

- The Board spent some time considering the next steps of the Cooperative's rate structure. In a proposal for retail rates, staff suggested we continue to take slow steps towards introducing residential members to energy demand. The steps include education and a calculated marketing / public relations process to ease members into knowing about demand and how it would impact their bills.
  - CEO Case explained that he would like to see at least a year for education before it is implemented and start slowly. There are 40% who are seasonal, so we may look at a ratchet demand where the peak is set one time a year. As a strawman pole the majority was in favor of demand charge.
  - The ratchet demand charge was discussed. Mr. Keay asked that we begin putting it out in the newsletter about what the problems were and why the decision must be made. We should also begin very slowly for better understanding. Education is very important. Management is trying to reduce costs to get the line and system maintenance costs down to around \$50 from \$76. There are ways, such as paying down debt and continue improving equity ratio.
- Electrical Vehicle would be dropped if we had to take something out.
- Staff suggested a name change of the "Line and System Maintenance fee" Access Charge or Fixed Charge seem to be most commonly used.

#### WHAT MEMBERS WANT – NRECA "LEXICON PROJECT"

NRECA commission market research to see how electric cooperative members responded to or understood their relationship with their respective Cooperative. Most of the changes can be done by simply changing the phrasing we use in communicating with our members. There are a few items that management agree with and some they don't. The Fall River PR Marketing Manager will implement some of these ideas.

Cooperative Name – Mission Statement – Slogan – Principles – Do we want to make any changes? Discussion was held on the purpose of having a good mission statement. We should use it as a lever in making decisions and the consensus of the board was to use our existing mission statement.

CEO Case asked if the Board likes the sunburst logo. Comments were -why fix it if isn't broken. They stated they do like our logo.

Discussion of pros and cons on the name of Fall River Rural Electric Cooperative was held. Is it time to change the name and drop the "Rural"? The board discussed but decided to leave the name as is for the moment.

Due to time constraints, it was decided to postpone discussion of the Member Voting Districts, Fiber Optics Business Model, and the Governance Task Force Review until another Board Meeting.

Recap of the day –

- What needs to be discussed at future board meetings?
  - Rate structure
  - Energy Storage
  - Succession Planning- Management
  - Make Co-op stronger
  - The future of BPA and PNGC
  - Fiber Optics

- New technology
- Consider paying back Capital Credits sooner than 20 years.
- Topics for strategic thinking?
  - Fall River is experiencing growth of about 2.5% per year It is anticipated that it will continue, bucking the trends, especially in Island Park.
- One-word thoughts for the day:
  - Thought provoking
  - Thorough
  - Informative
  - Progressive and forward thinking.
  - Uncomfortable
  - Challenging

The meeting was recessed until tomorrow morning at 9:00 a.m.

### **Board Strategic Planning / Regular Board Meeting**

Having determined a quorum was present, President Schmier called the meeting back to order on Tuesday, August 21<sup>st</sup> at 9:05 a.m. The invocation was given by Director Georg Behrens. The Pledge of Allegiance was recited.

#### **OFFICERS AND DIRECTORS ATTENDING**

President Doug Schmier, Vice President Brent Robson, and Secretary/Treasurer Dede Draper, Jay Hanson, Ron Dye, Jeff Keay, Georg Behrens, and Husk Crowther

#### **DIRECTORS ABSENT**

Debbie Smith

#### **OTHERS**

CEO/General Manager (GM) Bryan Case, General Counsel Jerry Rigby, and Executive Assistant Joni Amen

#### **APPROVAL OF AGENDA**

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

#### **EXPENSE VOUCHERS**

**Director Draper made a motion to accept and approve expense vouchers. Director Behrens 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 Minutes of July 23, 2018, as presented. Director Robson seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

**Director Hanson made a motion to approve the Minutes of August 10, 2018, as presented. Director Behrens seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

#### **CONSENT AGENDA**

CEO Case explained that a member has left the service area and the Patronage Capital of \$100k was discounted to \$60k and paid back. There was discussion on including the list of members and amounts of patronage capital they received. Discussion occurred about reasons for removing names and amounts as well as why the board may decide to include the information. This subject will be added to the agenda of a future meeting for discussion.

**Director Hanson made a motion to approve the Consent Agenda. Director Robson seconded the motion which included Memberships, Purchase of Power Agreements, check reports, safety reports, and the discounted Patronage Capital refunds report. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.**

## FINANCIAL & STATISTICAL REPORTS

CEO Case reported net margins are \$1.3k better than budgeted. The primary reasons are the gross margin on production at Felt year-to-date are \$315k better than anticipated. Revenue from retail sales came in at \$174k more than budget. Out of pocket hydro repair and maintenance costs year-to-date are \$90k better than anticipated. Fall River received \$96k for section 242 for Chester Hydro, which was not budgeted for. We booked \$283k for CFC patronage in July, which was budgeted for in August.

Interest expenses were \$156k less than budgeted (combination of reasons including no outside borrowings passed through to Propane, no credit line borrowings, variable interest rate estimates and likely just over-budget). Labor and overhead are \$84k less year-to-date or within 2.3% of budget. It was noted that the trash rake at Chester has been set to the manufacturer for repairs and those costs will come in later in the year.

The cash balance is just over \$2 million at the end of July. Fall River had the short-term investment mature on July 30<sup>th</sup> in case we needed it for CFC's quarterly debt payment due on July 31<sup>st</sup> and/or for Farmer Mac's semi-annual payment due August 1<sup>st</sup>. We placed \$1 Million back into short-term investments on August 5<sup>th</sup>. We may have more to invest by the end of the month.

Cashflow generated \$4.4M from operations year-to-date. \$1.9M was invested in plant year-to-date, and staff paid down \$2.5k in principal on long-term debt which excludes the Farmer Mac payment on August 1<sup>st</sup>. We have spent 49% of the capital budget dollars at the end of July.

It is expected that the Cooperative will end the year with better than expected margins for the year.

## COOPERATIVE BUSINESS

**FALL RIVER COMMITMENT TO ZERO CONTACTS – SEEKING BOARD MEMBERS COMMITMENT.** CEO Case reported that Fall River has an excellent Safety program. We have monthly safety meetings with professional trainers coming in. NRECA would like to spotlight a commitment to safety. Sixteen contact accidents in the industry happened last year. One was too many. It was noted that most accidents happened during outages after-hours. Mr. Case was seeking the Boards support to make a commitment to the zero contacts program.

**Director Hanson made a motion to join in the NRECA Commitment to Zero Contacts. Director Robson seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.



#### COST OF SERVICE ANALYSIS (COSA)

There are some lingering questions on the impact of additional mandated fish water spill costs are going to do and if BPA will initiate the financial CRAC. GM Case revised the specifics of the Cost of Service Analysis and reported the current level of retail rates by rate class, is meeting the revenue requirements of the Cooperative. Expected revenue by rate class was very close to targeted margins by each respective rate class. The report shows this is as close as it has ever been. Staff has recommended no rate changes in 2019, with the reasoning that BPA has announced a 5% power and 10% transmission wholesale rate increase for October of 2019. In addition, the board recently approved a new equity ratio target and staff is suggesting we continue to improve our current equity position which is at 40%.

**Director Robson made a motion to accept the staff recommendation on the Cost of Service Analysis as presented, with no rate increase. Director Hanson seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

#### KEY RATIO TREND ANALYSIS (KRTA)

CFC does a wonderful job compiling this financial information across the Nation compared to Fall River. CEO Case presented the benchmark graphs from the results of the study. Discussion on the risks of having too much equity was held, as was the value of taking the Felt Hydro back under Fall River Management.

It was noted that CEO Case feels we are getting our moneys worth in investing in technology as demonstrated in several of the ratios. In addition, the Cooperative's work force is very efficient when we compare the average number of consumers per employee, which shows Fall River is significantly more efficient in serving its members.

#### BOARD MEMBER TERMS –

Appointment of Jeff Keay and the Board term matrix report was discussed. It was noted that Ron Dye's term limit will be up next year.

#### MEMBER NOMINATING COMMITTEE RECAP

An update and thank you letter will be written for the good work the nominating committee did.

#### MEMBER BOARD COMPENSATION COMMITTEE RECOMMENDATION

The Committees recommendation was *to raise the Secretary's compensation from \$25 to \$50 per month, the President's fee from \$300 to \$350 the Board stipend from \$800 to \$850 per month and the meeting fee from \$100 to \$150 per meeting day.* The Board wanted to thank the Committee for their work on this issue. President Schmier reported that they were very committed and dedicated to the process. They used an NRECA survey to compare Fall Rivers' rate to others and calculated the hours invested compared to compensation in coming up with the recommended amounts. The Board choose to allow the Member Board Compensation Committee recommendations to go into force on September 1, 2018 as outlined in the Cooperative's by-laws.

#### \*CFC VOTING DELEGATE

**Director Robson made a motion for Jay Hanson to be CFC Voting Delegate and Georg Behrens to be the Alternate. Director Draper seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

#### DIRECTOR MENTORS

- Brent Robson was assigned to mentor Husk Crowther
- Ron Dye will mentor Jeff Keay
- Jay Hanson to continue mentoring Georg Behrens.

#### POLICY REVIEW

**Director Behrens made a motion to approve the updates to GP #309 Allocation & Retirement of Patronage Capital and GP #314 Retirement of Decedent's Capital Credits. Director Hanson seconded.** Following discussion, a voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

Director Draper will be the acting Chair of the Policy Committee. The next meeting will be held on September 17<sup>th</sup>.

#### UPDATE ON SOLAR FOR SCHOOLS

CEO Case requested a donation of up to \$6,000 or \$2,000 per School for support of the Solar for Schools project. He reported that he and President Schmier will present the check to the West Yellowstone High School today. Bozeman Green Build was chosen to build the projects at all the schools.

**Director Hanson made a motion to support the Solar for Schools Project by donating up to \$6,000 or \$2,000 each school Director Behrens seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

#### FALL RIVER AFFIRMATIVE ACTION PLAN

Was presented to the Board for discussion. CEO Case explained that we have policy that states that Fall River will follow the plan.

#### EXECUTIVE SESSION

**Director Robson made a motion to go into Executive Session. Director Behrens seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

**Director Hanson made a motion to go out of Executive Session. Director Behrens seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

#### MANAGEMENT DISCUSSION ITEMS

BPA Transmission Transfer Service is very important as this is how energy is delivered to Fall River. Fall River reported to the board last month on the alternatives to BPA transmission and will continue to explore alternatives as we approach 2028. BPA staff has agreed to conduct more meetings in determining and defining the future. UAMPS, PacifiCorp, and perhaps partnering with Idaho Falls are all options.

CEO Case discussed PNGC Strategic Planning and the efforts to determine the future value of PNGC to its members. BPA Preference Transmission rights and CAISO were also discussed.

Columbia River Treaty -Termination may be the answer, General Counsel suggests timing is essential. It will be determined by how initial negotiations go.

CEO Case reported Delinquent Accounts written off were included in the packet.

#### SMART HOME PILOT PROJECT UPDATE

The long-term objective is saving energy in the home. The Nest devices get to know your habits and will adjust thermostats and water heaters. Fall River would have the option to use this service for those members who volunteer for the program to shut off water heaters to shave demand in the future.

Mr. Rigby asked if Fall River would consider time of day? Fall River provided a time of use rate years ago, when Packsaddle was purchased. The economics were studied last year and given BPA current rates structure, it doesn't pencil out to add value to our members. It is likely the economics will not be there until a new rate contract in 2028. Other options were discussed such as battery storage. Director Keay was very interested in an energy storage study.

#### HYDRO OPERATIONS UPDATES

Felt Operations & Notice of Intent (NOI) for relicensing is in the works. Nick Josten will represent Fall River in this process. The PURPA agreement is being considered as we get closer to the decision of how to proceed. Staff has been crunching the numbers. The Operating Statement is included in the management report.

#### ISLAND PARK OFF DUE TO DISSOLVED OXYGEN LIMITS

We haven't been able to stay within the required dissolved oxygen limits, so the plant is not running. The cooler weather should help get oxygen levels go up to the required limits. Staff is doing maintenance and repairs while the generators are shut down.

#### CHESTER TRASH RAKE BENT, SENT TO HSC FOR REPAIRS

Dave Peterson as been diving to clean debris and they had turned the rake on auto to remove the moss. The rake malfunctioned and was damaged and has been sent for repairs. Director Hanson asked what the thought was on having a spare rake. CEO Case said the option of alternate rakes was discussed a few months ago and there wasn't enough generation to justify the cost of a spare rake.

#### MANAGEMENT REPORT

Personnel update: The Manager of Member Services position is open, there have been many quality folks apply so far. The IT position has been filled by Steven Beasley which will be a great help to Fall River. Propane has a new driver in the Island Park area, Connor Lenz will be starting soon. There is an open position for a lineman in Ashton which will be filled in-house.

## BOARD REPORTS

Director Draper said that the ICUA meeting was very good and she will prepare the report for next Board meeting. She plans to go to NWPPA's Women in Power, Anita Decker asked if she would speak at the meeting.


Director Dye reported that they had a power problem recently and the crew's response was very good. He also welcomed Jeff Keay to the Board.

President Schmier will be going to the NWPPA meeting in September.

The calendar was reviewed, and Director Draper will attend the West Yellowstone Customer appreciation day in September.

**Director Hanson made a motion to adjourn, seconded by Director Robson.** By consensus; THE MOTION WAS APPROVED. The meeting was adjourned at 2:20 p.m.

DATE APPROVED: September 17, 2018

  
Secretary Dede Draper