

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

August 23, 2021

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday, August 23, 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 10:08 a.m. Executive Assistant Angie Haws recorded the minutes. The invocation was given by Doug Schmier. The Pledge of Allegiance was recited.

ATTENDING OFFICERS

President Dede Draper, Vice President Georg Behrens, Secretary/Treasurer Jodi Stiehl, and Past President Doug Schmier

DIRECTORS PRESENT

Husk Crowther, Jay Hanson, Jeff Keay, Anna Lindstedt, and Brent Robson

DIRECTORS ABSENT

None

OTHERS

CEO/General Manager Bryan Case, Attorney Jerry Rigby, CFO Linden Barney, Fall River staff Manager of Engineering Dave Peterson, Manager of Operations Trent Yancey, Manager of Member Services Sheena Stricker, Manager of IT Shannon Hill, and Executive Assistant Angie Haws. Guests Russ Snyder with EES, and Matt Meachum, a new Associate of Rigby, Andrus, and Rigby Law, PLLC

APPROVAL OF AGENDA

Director Robson made a motion to approve the agenda as presented. Vice-President Behrens seconded. President Draper asked if any were opposed. None opposed; THE MOTION CARRIED BY GENERAL CONSENT.

APPROVAL OF MINUTES

Vice-President Behrens noted a needed correction to the minutes.

Director Robson made a motion to approve the July 26, 2021, Board Meeting Minutes as amended. Vice President Behrens seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE

MEMBER COMMENTS

CEO Case reported that he received two phone calls from members concerned about fire danger in their area. The members inquired about changing the overhead services in the area to underground services. Case addressed their concerns by reviewing the fire mitigation plan currently in place, as well as the expense of putting those services underground. He explained that the burden of the associated costs could not be placed on the entire membership.

FINANCIAL & STATISTICAL REPORT
JULY 31, 2021, FINANCIAL REPORTS

Net margins are \$3M ahead of budget. The big driver of the variance is still the revenue net of power costs as the budget was based on a possible recession and a 5% reduction in services. However, there is currently a 3% growth rate in new services and kWh sales per meter are also up over prior years.

Other significant variances include:

- A section 242 hydro incentive award of \$115K (net of commissions) received for 2018 generation at Chester
- Lower travel and meeting expenses year-to-date
- Lower interest expense due to low variable debt rates and a loan repricing

Cooperative equity is currently 49% and the cash generated from operations YTD is \$6.2M. FR has invested \$1.4M YTD in plant.

ACCELERATED TRANSMISSION & ADDITIONAL CAPITAL BUDGET FOR 2021
PROPOSED ACCELERATED TRANSMISSION UPGRADE EXECUTIVE
SUMMARY

CEO Case stated, presently, the Cooperative is providing adequate and dependable service to all its member-owners. However, as a result of normal load growth during the next five and 10-year load forecasts, problems with voltage levels and thermal loading of the equipment will develop at several locations. To expand existing system facilities to serve the projected 10-year load, it is recommended that FRREC converts 46.60 miles of existing line to larger conductors and/or add additional phases as well as 3.78 miles of new tie-line for increased reliability.

Consulting firm GDS reviewed several scenarios providing pros and cons and ultimately recommended that Fall River upgrade our 46 kv transmission line from Drummond to Macks Inn. It is their estimate that \$23M is required to accomplish this upgrade. Staff took that recommendation and, with board approval, started the process this year with \$156,000 dedicated to upgrading structures and insulator sizes. Fall River staff originally planned on an eight-year timeline to complete the work in an effort to spread out the investment in infrastructure. CEO Case proposed an acceleration of the original proposal. For the above stated reasons, staff is proposing we accelerate the project from an eight-year plan to a five-year plan. The board discussed the timeline, economic impacts, reliability, growth, materials, and future assessment of acceleration.

Vice-President Behrens made a motion to accept staff's recommendation to accelerate the Transmission Upgrade and capital budget as presented. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

PROPOSED ADDITIONAL CAPITAL BUDGET ITEMS
Included in the board packet.

KEY RATIO TREND ANALYSIS

Included in the board packet.

PROPANE LONG TERM DEBT REQUEST

CEO Case presented a Fall River Enterprises request for loans to purchase a propane vehicle and propane tanks needed for customers in 2021. The Board discussed tank costs, tank availability, and loan structure.

Vice-President Behrens made a motion to approve the two propane loans as submitted. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

BOARD BUDGET AND WORKPLAN REVIEW

Included in the board packet.

COOPERATIVE BUSINESS

COSA – COST OF SERVICE ANALYSIS

EES PRESENTATION TO THE BOARD

Russ Snyder with EES provided an in-depth review of the completed Cost of Service Analysis.

RETAIL RATE IMPACT BASED ON 2020 DATA

Included in the board packet.

BRIEF REFRESHER ON DEMAND

Included in the board packet.

SAMPLE FREQUENTLY ASKED QUESTIONS

Included in the board packet.

BPA POWER BILL

Included in the board packet.

EXECUTIVE SUMMARY-RETAIL RATE RECOMMENDATION

CEO Case reviewed demand, explaining that it is the amount of electricity a service/meter is requiring at a point in time. The highest demand for a service/meter is called the residential members' peak demand (kW). The Fall River AMI meter tracks demand throughout the billing cycle and, at the end of each billing cycle, pulls the peak demand for the month. There is no penalty for the electrical demand that a member sets: every household using electric service has "demand" and we have always been paying for it, but demand has been included with the kWh charge. The member demand has always been bundled with the energy usage charge for residential customers, but now with affordable technology, we are able to measure demand and bill separately, giving members the opportunity to

control it. Unbundled charges for demand more fairly distribute the costs of providing service to those members who use large amounts of electricity at one time. Fall River currently charges our commercial and irrigation members with demand as a separate item on the bill. The board discussed rate class, average peak, energy costs, member education and tools. Staff is recommending a 1.9% overall rate decrease along with the following:

1. A 2.1% decrease for the residential, small general service and irrigation rate classes.
2. The residential rate class include a \$1.00 per kW and reduce the kWh fee.
3. Based on the data provided by EES, keep the green power charge unchanged. EES suggested it should be higher based on several data points. It is proposed Fall River increase this rate over time as we have general rate increases.
4. Net metering be limited to 25 kW for residential services. General Services can install distributive generation up to the average of the lowest six months' demand, and for irrigation accounts up to the average of the lowest two months' demand.
5. Elimination of the AMI meter opt-out with a potential to grandfather existing members in the program at a cost of \$65 per month as a fee to have a mechanical meter maintained and read by Fall River staff.

Director Keya made a motion to accept the staff's recommendation, as slightly modified at the table today, with the understanding that the final figure will be reviewed next month with the tariff sheet, and the board will have the opportunity to address any concerns and at this time agreed to move forward in this general direction. Director Schmier seconded the motion. A voice vote was taken; THE MOTION CARRIED.

10-YEAR FINANCIAL FORECAST

CEO Case and CFO Barney introduced three options moving forward with a 10-year financial forecast based on various assumptions and also considering FR's current equity ratio of 49%. The Cooperative has been using an equity building business model and has reached its equity target. The Board discussed each of the 10-year financial forecast options presented.

10 – YEAR FINANCIAL FORECAST – BASE CASE
Included in the board packet.

10 – YEAR FINANCIAL FORECAST – 10 YR MOVING AVG PAT
CAP RETIREMENT
Included in the board packet.

10- YEAR FINANCIAL FORECAST – 5% OF EQUITY PAT CAP
RETIREMENT
Included in the board packet.

Director Hanson made a motion to move forward with the 10-year moving average Patronage Capital Retirement. Director Schmier seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

RECOGNITION OF TRENT YANCEY 46 YEARS RETIREMENT

CEO Case extended his congratulations to Operations Manager Trent Yancey on his outstanding 46-year career at FR. Case credited Yancey as the driving force behind the FR safety program, pole testing, annual line inspection and tree-trimming programs. The legacy he has built here at FR and the quality of leadership he has provided is exceptional, and he will be missed. The Board expressed their appreciation and congratulations to Mr. Yancey for his contributions and accomplishments as well.

PNGC DIRECTOR NOMINATION

Director Hanson made a motion nominating Bryan Case as PNGC Voting Delegate and Linden Barney as alternate. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MECA VOTING DELEGATE AND ALTERNATE

Director Hanson made a motion nominating Jodi Stiehl as MECA Voting Delegate and Bryan Case as alternate. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MECA BOARD CERTIFICATION

Included in the board packet.

NRECA RESOLUTIONS

Included in the board packet.

CFC VOTING DELEGATE AND ALTERNATE

Director Hanson made a motion nominating Jay Hanson as CFC Voting Delegate and Georg Berhens as alternate. Director Keay seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

GOVERNOR BROWN LETTER & TALKING POINTS

Included in the board packet.

OREGON'S MOTION FOR PRELIMINARY INJUNCTION

Included in the board packet.

IDAHO TOP 100

CEO Case reported that FR has been selected as one of Idaho's Top 100 privately held

companies for 2021. This is the second year in a row FR has received this honor.

PROPOSED 2022 BOARD MEETING CALENDAR

The Board reviewed the proposed meeting dates in 2022, making changes to meet on the third Monday of the month in November and December.

COOPERATIVE REPORTS BOARD REPORTS

Director Robson stated the E&O Committee meeting has been rescheduled for September 15th at 9:00 a.m.

Director Behrens reported on the ICUA annual meeting. Behrens also reported on an invitation to meet with the Sierra Club and discussions on hydropower.

Secretary/Treasurer Stiehl reported on CFC training she attended.

Director Schmier reported on the Rod Run and the response to FR's Tesla at the event. Schmier also stated the NWPPA conference is coming up as well as NRECA's Region 7&9 meetings and MECA's annual meeting. There was discussion on MECA's upcoming elections and available seats.

Director Hanson reported participating in CFC meetings. He reviewed the topics discussed and will forward information to the FR board members. Hanson also attended ICUA meetings last week and plans on attending MECA's annual meeting in October.

President Draper reported she attended CFC meetings. Draper also reported on FR Enterprises, stating they are busy, and complimented the organization and GM.

CONSENT AGENDA

Director Robson made a motion to approve the consent agenda. Secretary Treasurer Stiehl 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 Robson made a motion to go into Executive Session at 2:36 p.m. Vice President Behrens 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 2:52 p.m. and Vice President Behrens seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MANAGEMENT DISCUSSION ITEMS

MANAGER OF OPERATIONS INTERVIEWS

CEO Case reported on the number of applicants as well as the timeline to interview the selected candidates and final selection for the Operations Manager position.

COOPERATIVE SOLAR

Included in the board packet.

PPC COMMENTS ON NWRAP FORM LETTER

Included in the board packet.

HYDRO FACILITIES UPDATE

Island Park, Buffalo and Chester hydro generated a total of 2,394,276 kWh in July. This amounts to 4.9% of all the kWh billed by PNGC in July, and 5.1% of all kWh sold and used by Fall River in July.

Felt hydro produced 1,671,000 kWh in July. When this is included with Island Park, Buffalo, and Chester, it amounts to 8.3% of all the kWh billed by PNGC in July, and 8.7% of all kWh sold and used by Fall River in July.

ISLAND PARK

Island Park hydro produced 1,911,784 kWh during the month of July.

BUFFALO

Buffalo hydro produced 152,547 kWh during the month of July.

FELT

Felt hydro produced 1,671,000 kWh during the month of July.

CHESTER

Chester hydro produced 329,945 kWh during the month of July.

BPA FINAL ROD – ADMINISTRATOR PREFACE

Included in the board packet.

PPC PRESS RELEASE ON BPA RATE CASE

Included in the board packet.

BPA BORROWING AUTHORITY – INFRASTRUCTURE BILL

Included in the board packet.

EV REGISTRATION MAP

Included in the board packet.

DONATIONS

Included in the board packet.

FALL RIVER'S MANAGEMENT REPORT

Included in the board packet.

REPORTS

EXECUTIVE COMMITTEE

Nothing to report.

ADMINISTRATIVE COMMITTEE

Chairman Jeff Key reported the committee met this morning and discussed scholarship applications and youth programs.

ENGINEERING & OPERATIONS COMMITTEE

Chairman Robson reported the committee will meet September 15th at 9 a.m. in Ashton.

FINANCE COMMITTEE

Nothing to report.

POLICY COMMITTEE

Chairman Schmier reported the committee will meet September 27th, prior to the regular board meeting, to review the next group of policies.

ATTORNEY REPORT

Attorney Rigby reported on water user rights issues and other topics of interest.

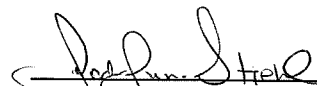
2021 CALENDAR

Included in the board packet.

ADJOURNMENT

There being no further business, **Vice-President Behrens made a motion to adjourn. Director Robson seconded the motion.** A voice vote was taken; **THE MOTION CARRIED BY UNANIMOUS VOTE.** The meeting was adjourned at 3:02 p.m.

DATE APPROVED: September 27, 2021


Secretary Jodi Stiehl