

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

September 23, 2024

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday, September 23, 2024, at Ashton, Idaho. Having determined a quorum was present, President Behrens called the meeting to order at 9:03 a.m. Angie Haws recorded the minutes. The invocation was given by Husk Crowther. The Pledge of Allegiance was recited.

ATTENDING OFFICERS

President Georg Behrens and Vice President Brent "Husk" Crowther

DIRECTORS PRESENT

Past President Dede Draper, Anna Lindstedt, Jeff Keay, Travis Markegard, and Brent Robson

DIRECTORS ABSENT

Jodi Stiehl and Doug Schmier

OTHERS

CEO/General Manager Bryan Case, Attorney Jerry Rigby, CFO Linden Barney, Propane GM David McKinnon, Propane Board of Directors Vice President Merrick Young, Amber Boyce, Cindy Martinsen, and Propane Secretary Missi Hathaway, Engineering Manager Dave Peterson, IT Manager Shannon Hill, Member Services Manager Clint Washburn, Guests Consultant Bill Miller, CFC VP Utility Research & Policy Jan Ahlen and Eric Anderson, Member Service Representative Mindy Clinton, Lineman Taylor DeTienne, and Executive Assistant Angie Haws.

APPROVAL OF AGENDA

**A motion was made and seconded to approve the agenda as presented.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

COMBINED BOARD MEETING OF FALL RIVER PROPANE AND ELECTRIC

ANALYSIS OF FALL RIVER ENTERPRISE ORGANIZATIONAL STRUCTURE – FOR-PROFIT VS NON-PROFIT TAX ANALYSIS- BILL MILLER, CONSULTANT Bill Miller CPA and consultant with Tax Partner Bolinger, Segars, Gilbert, and Moss, LLP spoke to both the FR Electric and Propane boards to review his analysis and recommendation for FR Enterprises organizational structure. Miller touched on the following:

- Ten-year forecast for the Propane Subsidiary
- Ten-year forecast for the Electric Cooperative
- Form 990's for the Electric Cooperative
- 1120 for the Propane Subsidiary
- 2023 Audited consolidated financial statement
- YTD Form 7 (through June) and YTD financial statements for the Propane Subsidiary
- 85/15 Test and Tax Law

Mr. Miller concluded that his recommendation would be to wait on making a change to the organizational structure. The current structure is not resulting in more federal or state income taxes. President Behrens asked the FR Electric Board if they felt there needed to be a change and the Board determined no change is needed at this time.

QUARTERLY UPDATE FROM PROPANE TO SHAREHOLDERS – AMBER BOYCE  
FR Electric CEO Case noted that the report was included in the board packet and stated FR Propane is having another great year.

#### HIGHLIGHTS FROM PROPANE STRATEGIC PLANNING

CEO Case stated the highlights of the Propane Strategic Planning meeting were included in the board packet and if there are any concerns to please let Director Keay or Director Case know and they will pass those on to the FR Propane Board.

THE RESPECTIVE BOARDS WILL SEPARATE & COMPLETE THE REMAINDER OF THEIR INDIVIDUAL MEETINGS

#### APPROVAL OF MINUTES FOR AUGUST 26, 2024

**Director Robson made a motion to approve the minutes from the August 26, 2024, Board Meeting as presented. Director Markegard seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

#### CFC – JAN AHLEN AND ERIC ANDERSON – DISRUPTIVE TRENDS

Jan Ahlen Vice President, CFC Utility Research & Policy spoke to the Board about the key drivers of change in our industry: Technology, Consumers, and Public Policy. Ahlen highlighted disruptive trends today which are new electricity demand, changes in supply, virtual power plants, and artificial intelligence.

Mr. Ahlen answered questions and discussed trends in more detail with the board.

#### MEMBER COMMENTS

The board reviewed member comments and communications.

#### SIERRA BITTER SCHOLARSHIP REPORT

Included in the board packet.

#### TETON COUNTY EMERGENCY MANAGEMENT FR RECOGNITION

Included in the board packet.

#### WEST YELLOWSTONE MEMBER APPRECIATION

Director Keay reported that the member appreciation event was very well attended with over 500 people participating. Keay stated the members praised the Fall River staff and were very appreciative of the community engagement. He also received some questions about FR Propane and some questions about demand on the electric side, noting that continuing efforts to educate members about demand is important. CEO Case agreed and referred to the FR website tools and videos available to the members of the Cooperative. Case noted that there were 252 conservation kits/backpacks given out to members at the event. Suggested changes from staff were mentioned to adapt to the larger crowd and streamline the event in the future.

Board Minutes of September 23, 2024

## FINANCIAL & STATISTICAL REPORTS

### AUGUST 31, 2024, FINANCIAL REPORTS

CEO Case reported the net margins YTD are \$2.6 million ahead of budget through August and revenue net of power costs accounts for \$1.4 million of the variances. Revenue is higher than budget due to higher than anticipated kWh sales. The higher costs of purchased power have been offset by higher-than-expected revenues from Fall River's share of Grant PUD hydroelectric generation and additional RTC credits. Power production expenses are also lower than budget due to lower resource support services on FR hydros and lower out-of-pocket maintenance expenses. Other significant variances include building maintenance items and labor and overhead, both of which we anticipate getting closer to budget as the year progresses.

The Cooperative has YTD generated \$7.7 million from operations, \$7.8 million has been invested in plant and materials and \$2.6 million of long-term debt has been paid. The Cooperative's equity ratio is just over 52% and the annualized growth in services dipped to just under 3%, which is down slightly. YTD 35% of the capital budget has been spent and this includes carryover items.

The board discussed equity, projected growth, retired services, peaks, expenses, power costs and trends.

### OPTIMAL TARGET EQUITY ANALYSIS

CEO Case stated that using assumption tools there are some variables we can look at helping to provide options how to optimize FR's equity. The variables considered look at key ratio trend analysis and factor in key plant data. CFO Barney noted it is not exact and Tier 2 costs will be a big variable in these assumptions. CEO Case thanked CFO Linden Barney for his work on this, stating it provides valuable information.

## COOPERATIVE BUSINESS

### FALL RIVER VISION AND STRATEGIC OBJECTIVES FOLLOW-UP

CEO Case reviewed the Strategic Planning meeting discussion of Fall River's Vision and Strategic Objectives noting the suggested verbiage changes to provide updated context, emphasis, and clarity to the statements contained within the document. The board discussed further suggested additions.

**Director Robson made a motion to approve the proposed verbiage to Fall River Electric's Vision and Strategic Objectives as discussed. Past President Draper seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

### FALL RIVER POWER SUPPLY STRATEGIES DISCUSSION

CEO Case outlined power supply strategies reviewing PNGC's phases options chart. Case reviewed strategic direction for acquiring resources required to meet AHWM.

**Reliable Power** – Meeting members' needs and having adequate reserves or contractual arrangements to meet members' energy needs is essential.

**Competitive, Low-Cost Power** – Defend and protect the BPA Tier 1 product as long as the BPA offering is competitive with other long term generation resources.

Additional generation resources should also balance the cost, term of commitment, risk, and reliability with other comparable generation alternatives.

**Wholesale Power Stability** - Employ measures to implement stable retail rates for our members without significant adjustments year after year.

**Power Portfolio Diversification** – FR currently has ~84% hydroelectric, and ~10% nuclear. The Cooperative would like to slowly diversify generation sources as long as the cost of additional diversified resources are within reason and power reliability can be ensured.

#### COST OF SERVICE ANALYSIS AND RETAIL RATE DISCUSSION

CEO Case stated the Cost of Service Analysis (COSA) conducted for Fall River Rural Electric Cooperative has determined a necessity for an overall rate increase. Fall River's long range financial forecast also came to that same conclusion. The COSA concluded and recommended a general retail rate increase of 5.8% in 2025 to cover rising power supply costs and maintain the Cooperative's financial health. Additionally, the COSA suggests a potential 12.3% overall rate increase in 2026, influenced by factors such as higher Tier 2 power costs, inflationary pressures, and potential future Bonneville Power Administration (BPA) rate increases.

#### UPDATED COST OF SERVICE ANALYSIS

Included in the board packet.

#### RETAIL RATE PROPOSAL AND DISCUSSION

CEO Case stated it is recommended the Cooperative implement a 3.9% general rate increase starting with the May billing statements in 2025. Staff recommended options which were discussed, and the Board concluded they would like to move forward with the recommendation comprised of the following specific retail rate changes by rate classification:

##### *Proposed Retail Rate Adjustments Effective May 2025*

**Residential:** average 4.8% rate increase.

Access Fee: \$39.00

Energy Charge for the first 2000 kWh: \$0.0575/kWh

Energy Charge over 2000 kWh: \$0.0807/kWh

Demand Charge: \$2.75/kW

**Small Commercial:** 3.1% rate increase:

Access Fee: \$39.00

Energy Charge: \$0.0575/kWh

Demand Charge: \$4.50/kW

**Large Commercial:** 1.2% rate increase:

Access Fee: \$59.00

Energy Charge: \$0.05284/kWh

Demand Charge: \$7.50/kW

**Irrigation:** No rate adjustment (0% change).

The proposed retail rate adjustments provide the following:

- Aligns revenue collection with costs and brings the Cooperative closer to the COSA recommendations.
- Increases overall rate revenue by approximately \$1.5 million.
- Helps in managing future rate increases by addressing current shortfalls and ensuring balanced revenue across rate classes.

**Director Keay made a motion to approve staff's recommendation for an overall rate increase of approximately 3.9% with a 4.8% increase for the Residential rate class, a 3.1% increase for Small Commercial, a 1.2% increase for Large Commercial, and 0% adjustment for Irrigation to be implemented with the May 2025 billing statements. Director Robson seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

#### RETAIL RATE COMPARISON AND FALL RIVER COMPETITIVENESS

CEO Case noted FR's rates in comparison to the seventeen other area utilities puts us in the center for rate comparison. There are several factors that affect rates, one such factor is density. The board consensus is FR is on the right path maintaining some of the lowest rates in the country.

#### REGIONAL RETAIL RATE ARTICLES

Included in the board packet.

#### PNGC BOARD MEETING, RESOURCE ELECTIONS AND POWER COSTS FOR 2025

Fall River has included in the board packet documentation resolutions to proceed with two power purchase agreements. Stateline is a wind project for a 10 yr. period and Ponderosa is a 20 yr. solar project. We recommend moving forward with these long-term agreements. The third option is a potential market purchase with prices below the expected BPA Tier 2 product. It is noted that we do not have a price from BPA at this point in time and are using data points from ICE forecast prices, BPA past practices and BPA comments to assess potential BPA prices. Currently, there is a timing issue related to a transmission study by the seller which may prohibit PNGC from securing the resource given BPA's set election timelines. If the PNGC staff can put the market purchase together and if the price remains below \$80 per MWh, staff also recommends Fall River elect the 3 yr. market purchase.

#### GENERATION PNGC ELECTIONS AND DECISIONS

##### PONDEROSA SOLAR PSA, 20 YR. AGREEMENT

Included in the board packet.

##### STATELINE WIND PSA 10 YR. AGREEMENT

Included in the board packet.

**Vice President Crowther made a motion to approve the participation in the Ponderosa Solar 20-year agreement and the Stateline Wind 10-year agreement as proposed. Director Keay seconded.**

Discussion ensued.

**Vice President Crowther made an amendment to his original motion to approve the participation in the Ponderosa Solar 20-year agreement and the Stateline Wind 10-year agreement as proposed also providing a parameter that pricing can fluctuate up to a 5% increase for CEO Bryan Case to negotiate. Director Keay seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

#### DESERET MARKET PPA 3 YR. AGREEMENT

**Director Robson made a motion to approve proposed Deseret Market 3-year agreement also providing a parameter that pricing can fluctuate up to a 5% increase for CEO Bryan Case to negotiate. Vice President Crowther seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

CEO Case thanked the Board for all of the work and effort involved in making this decision.

#### PNGC RDP PROGRESS

CEO Case reviewed the PNGC resource timeline to finalize and execute contracts.

#### PNGC FY 2024 BUDGET AND POWER COSTS

Included in the board packet.

#### FALL RIVER HEBGEN SUMMARY AND HISTORY

Included in the board packet.

#### PPC COMMENTS OF BPA BP-26 RATE CASE

CEO Case recapped the comments communicated to BPA regarding the rate case. PPC members are committed to the long-term value and health of the federal power and transmission systems, including the BPA and generating partners' workforce. We look forward to working on collaborative solutions that meet investment needs while not unduly burdening consumers with higher than necessary rates. PPC stated additional information was needed on key components of the Power and Transmission revenue requirements, as well as risk mitigation issues.

#### BPA & MARKET PARTICIPATION LETTER – WA & OR PUBLIC POWER SUPPORT KEEPING OPTIONS OPEN SPP+ AND CAISO

Included in the board packet.

#### COOPERATIVE REPORTS

Director Keay reported on FR Propane meeting attended and the West Yellowstone Member Appreciation Event.

President Behrens reported on ICUA meetings attended and that he was voted in as the President of the Idaho Cooperative Utilities Association. Behrens reported on industry fire mitigation plans and proposed legislation that was discussed at the ICUA meeting.

#### CONSENT AGENDA

Board and CEO expense reports, New Memberships, Purchase of Power Agreements, Check Report, Safety Report, Early Retirement 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 as discussed. Vice President Crowther seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE

#### EXECUTIVE SESSION

**Director Robson made a motion to go into Executive Session at 1:36 p.m. Director Key seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

**Director Robson made a motion to go out of Executive Session at 2:48 p.m. Director Key seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

#### MANAGEMENT DISCUSSION ITEMS

##### FALL RIVER GRANTS SUMMARY

CEO Case reviewed significant grants that have been awarded as well as grant applications and submissions that are in progress. Case noted that the FR Smart grid SCADA system project is moving forward. In addition, if FR is successful in attaining the grant, for substation battery backup staff will present a business plan to the Board for approval.

##### HYDRO FACILITIES UPDATE

Island Park, Chester, and Buffalo generated a total of 2,815,910 kWh in August. This amounts to 8.9% of all the kWh billed by PNGC in August and 9.7% of all kWh sold and used by Fall River in August.

Felt Hydro produced 1,570,737 kWh in August. When this is included with Island Park, Chester, and Buffalo it amounts to 13.8% of all the kWh billed by PNGC in August and 15.2% of all kWh sold and used by Fall River in August.

##### ISLAND PARK

Island Park hydro produced 2,046,224 kWh during the month of August.

##### BUFFALO

Buffalo hydro produced 111,603 kWh during the month of August.

##### FELT

Felt hydro produced 1,570,737 kWh during the month of August.

CHESTER

Chester Hydro produced 658,083 kWh in the month of August.

DONATIONS

Included in the board packet.

FALL RIVER'S MANAGEMENT REPORT

CEO Case highlighted items in the management report; FR history in West Yellowstone and IT testing. The management report was included in the board packet.

REPORTS BOARD COMMITTEES, MEETINGS, AND MEMBER COMMENTS

EXECUTIVE COMMITTEE

Nothing to report.

ADMINISTRATIVE COMMITTEE

It was noted that the next meeting will be held in October prior to the regular board meeting.

ENGINEERING AND OPERATIONS COMMITTEE

Nothing to report.

FINANCE COMMITTEE

Chairman Lindstedt reported the Budget Board meeting will be held on October 21, 2024, at 10 a.m.

POLICY COMMITTEE

Chairman Crowther reported the next meeting will be held in November prior to the regular board meeting.

ATTORNEY REPORT

Attorney Rigby reported on FR Propane subsidiary historical context.

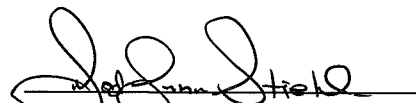
2024 CALENDAR

Included on the board agenda.

ADJOURNMENT

**A motion was made by Director Robson and seconded by Director Markegard to adjourn the meeting. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.**  
The meeting was adjourned at 3:21 p.m.

DATE APPROVED: October 28, 2024

  
Secretary Jodi Stiehl