

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

October 21, 2024

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday, October 21, 2024, virtually and in person, at the office of Fall River Rural Electric in Driggs, Idaho. Having determined a quorum was present, President Behrens called the meeting to order at 2:30 p.m. Lead Member Services Representative Kathy Bollinger recorded the minutes.

ATTENDING OFFICERS

President Georg Behrens, Vice President Husk Crowther, Secretary/Treasurer Jodi Stiehl and Past President Dede Draper

DIRECTORS PRESENT

Jeff Keay, Brent Robson, Travis Markegard, Anna Lindstedt, and Doug Schmier.

DIRECTORS ABSENT

NONE

OTHERS

CEO/General Manager Bryan Case, Guests; Fall River management team members Linden Barney, Dave Peterson, Shannon Hill, Clint Washburn.

APPROVAL OF AGENDA

**Director Robson made a motion to approve the agenda. Director Draper seconded.**

A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

President Behrens turned the meeting over to the Finance Committee Chair, Anna Lindstedt to conduct the remainder of the meeting.

2025 STRATEGIC OBJECTIVES INCLUDED IN THE PROPOSED BUDGET

VISION AND STRATEGIC OBJECTIVES

CEO Case opened the discussion by reporting on the anticipated items within the budget that follow the vision and strategic objectives of the Cooperative. While anticipating a slowdown within the economy, Fall River Electric Cooperative has been able to maintain the current equity rate at 52% which provides additional financial flexibility to be good stewards of the Cooperative's assets. Considering the projected increased power costs and the 2025 FR rate increase, the Owner-Member Rebate that has been disbursed the past four years but is not recommended for 2025.

2025 HIGHLIGHTS OF ASSUMPTIONS AND SIGNIFICANT BUDGET ITEMS

CEO Case presented a list of the assumptions and significant budget items the 2025 Budget is based upon. This includes a conservative estimated growth rate in new services of 2.5%. The Cooperative is also scheduled for a modest overall

average rate increase of 3.9% based on COSA and rate design discussions, previously approved by the Board to be implemented as of the May 2025 billing statements. The labor rate is anticipated to see a 4% increase. Significant budget items include a cyber security audit and facilities assessment; retail rate design and COSA consultant; updates and repairs to the hydro facilities; employee training due to new staffing along with additional staffing needs in the IT, Member Services, Engineering, and Operation departments.

## REVIEW PROPOSED 2025 OPERATING BUDGET

### **2025 OPERATING BUDGET SUMMARY**

Included in the board packet.

### **BUDGET VARIANCE ANALYSIS**

CFO Linden Barney presented. CEO Case asked for any questions or concerns. The Board noted the total cost included in the proposed 2025 operating budget was increasing by nearly 14% which was primarily driven by increases in wholesale power costs. They also noted FR's general retail rate increase for 2025 was increasing by 3.9%. Staff reviewed the financial tools the Cooperative is using to smooth out the rate increase. The financial tools include using some of the Cooperative's existing equity, using some of this year's net margins to offset costs next year, and recognizing Propane's net margins will be reduced as they start deferring for future tax obligations.

### **LABOR AND OVERHEAD ANALYSIS**

CFO Linden Barney presented. CEO Case asked for any questions or concerns. There was a question on why labor and overhead budget included a proposed increase of 4% for compensation but the overall increase to the labor and overhead budget proposed to be is 8.2%. CEO Case explained the payroll budget include in total a 4% overall wage increase and also includes a 33.1% in employee benefits and the addition of 2.5 FTEs as well as one additional summer helping in 2025.

### **TRENDED OPERATING STATEMENT**

Included in the board packet. CEO Case took the time to explain the line items. He recommended that the board specifically review the items in the board of director's budget. No corrections or additions were made. The value of the Annual Meeting/Energy Expo was discussed with positive comments.

A break was called for technical reasons. Meeting reconvened at 3:20 p.m.

## REVIEW PROPOSED 2025 CAPITAL BUDGET

The 2025 Capital Budget was presented by staff to the board for review and discussion followed. Dave Peterson, Engineering Manager, presented a site-specific PowerPoint presentation... The board asked questions and several clarifications and explanations were requested and answered.

**Vice President Crowther made a motion to accept the 2025 Operating and Capital Budget as presented and discussed. Director Schmier seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

2025 GENERAL & EARLY RETIREMENT OF PATRONAGE CAPITAL

GENERAL PATRONAGE CAPITAL RETIREMENT

Included in the board packet.

**President Behrens made a motion to approve the patronage capital general retirement budget of \$2,265.639. Vice President Crowther seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

2025 PROPOSED EARLY RETIREMENT BUDGET

Included in the board packet.

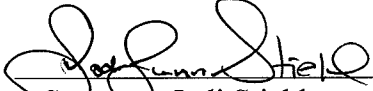
**Director Robson made a motion for the early retirement budget of \$200,000 for patronage capital. Director Schmier seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

PRE-AUDIT CALL-JANUARY 16<sup>TH</sup> 2025 AT 9:00 AM – FINANCE COMMITTEE

ADJOURNMENT

There being no further business, **President Behrens made a motion to adjourn. Director Markegard seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE. The meeting was adjourned at 4:30 p.m.

DATE APPROVED: November 18, 2024

  
Secretary Jodi Stiehl

Executive session was called.