

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

December 16, 2024

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday, December 16, 2024, at Ashton, Idaho. Having determined a quorum was present, Vice President Crowther called the meeting to order at 10:13 a.m. Executive Assistant, Angie Haws recorded the minutes. The invocation was given by Angie Haws. The Pledge of Allegiance was recited.

ATTENDING OFFICERS

Vice President Brent "Husk" Crowther, and Jodi Stiehl

DIRECTORS PRESENT

Past President Dede Draper, Anna Lindstedt, Jeff Keay, Brent Robson, with Doug Schmier participating virtually.

DIRECTORS ABSENT

President Georg Behrens and Travis Markegard

OTHERS

CEO/General Manager Bryan Case, Attorney Jerry Rigby, CFO Linden Barney, IT Specialist Cach Davis, Operations Manager Randy Wakefield, Executive Assistant Angie Haws, and Virtual Guest NRECA Director of Safety Programs Ken Macken.

APPROVAL OF AGENDA

Secretary Stiehl made a motion to approve the agenda as presented. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

APPROVAL OF MINUTES FOR NOVEMBER 18, 2024

Director Robson made a motion to approve the minutes from the November 18, 2024, Board Meeting as presented. Secretary Stiehl seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MEMBER COMMENTS

The board reviewed member comments and communications.

FACEBOOK COMMENT-CHAT GPT-FR AND BPA RATES ARE LOWER BECAUSE OF FEDERAL SUBSIDIES TRUE/FALSE?

CEO Case reviewed the comment posted on Facebook referencing the Chat GPT inquiry and noted that this AI search engine pulls data from multiple internet sources (both correct data and incorrect data). Case stated BPA charges cost based rates and are not Federally subsidized as the member suggests. The board further discussed AI and federal subsidies and grants.

FINANCIAL & STATISTICAL REPORTS

NOVEMBER 30, 2024, FINANCIAL REPORTS

CFO Barney reported the net margins YTD are at \$6.1M through November. This is \$3.1M ahead of budget. Nearly \$1.7M of the increased margins are 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 expenses. Other significant variances include building maintenance items, computer expenditures, and labor and overhead, all of which are underbudget, but staff anticipates getting closer to budget as the year progresses.

The Cooperative has YTD generated an increase in cash flows of \$9.5M from operations, \$11.5M has been invested in plant and materials and \$3.2M of long-term debt has been paid. In December \$2.2M in a general retirement of patronage capital was paid out to FR members. The Cooperative's equity ratio remains strong at just over 53%. The annualized growth in services has dropped slightly at 2.8%. YTD 54% of the capital budget has been spent which includes carryover items. CEO Case noted Fall River Propane will start accruing for tax liabilities which will reduce this year net margins substantially. Propane's strong net margins over the last few years will result in tax liabilities and the accrual will be to recognize the associated taxes. In addition, CEO Case noted the slowdown in new services and discussed the impact to Fall River. CEO Case also discussed the capital budget carryovers and highlighted several Fall River capital budget items which cover multiple years including the transmission project, vehicle purchases, Felt relicensing, employee housing and others. The board discussed demand, and an overview of board packet financial documents.

KEN MACKEN-NRECA-FALL RIVER COMMITMENT TO ZERO SAFETY SURVEY

NRECA PRESENTATION ON COMMITMENT TO ZERO PHASE 2 (CTZ2) SAFETY SURVEY RESULTS

NRECA Director of Safety Programs, Ken Macken reported on the Commitment to Zero Contacts Safety Survey results the FR crews recently participated in. Macken's presentation included a Federated study and data on safety incidents occurring in the industry. FR had a 93% engagement rate in the survey. Macken outlined the survey process, highlighted survey questions where no action was required as well as small areas of improvement and congratulated FR on the survey results (as they are some of the strongest results they have seen) and the excellent safety culture at the Cooperative.

RANDY WAKEFIELD PANEL PARTICIPATION ON FALL RIVER RESULTS/EXPERIENCE

Operations Manager Randy Wakefield reviewed FR safety programs, processes, and goals currently in place to ensure a continued focus on safety. Some items mentioned were the Take Safety Home program, staff Safety Committee participation, regular monthly safety

meetings, safety equipment, mayday training, tailboard discussions during and after hours, manager and foreman observations, spots for line crew, and safety demos. Wakefield commented on the value of the Commitment to Zero Contacts survey process noting the importance of the feedback provided by the crews. Items that were discussed during the survey were followed up on, the crews were involved in the process. CEO Case noted positive feedback from the foreman and that the survey will likely be repeated regularly every two to three years.

The Board expressed congratulations and appreciation to management and staff for their continued focus on safety.

COOPERATIVE BUSINESS

2025 WORK PLAN, GOALS, AND BUDGETS

GENERAL POLICIES

The Policy Committee reviewed the following policies at the last Committee meeting and presented them to the full board for review, discussion, and approval. It was noted General Policy #705 “AI Usage” is a new policy to define and govern Cooperative Artificial Intelligence use in its various forms.

GP#705 AI POLICY

Included in the board packet.

GP#202 COMMITTEES OF THE BOARD OF DIRECTORS

Included in the board packet.

GP#204 BOARD OF DIRECTORS-GENERAL MANAGER RELATIONSHIPS

Included in the board packet.

GP#303 AUTHORIZED CHECK SIGNATURES

Included in the board packet.

GP#315 EQUITY MANAGEMENT

Included in the board packet.

Director Keay made a motion to approve General Policies #705 “AI Usage”, #202 “Committees of the Board of Directors”, #204 “Board of Directors-General Manager Relationships”, #303 “Authorized Check Signatures”, and #315 “Equity Management” as presented. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

BOARD COMPENSATION DISCUSSION AND REVIEW

The board discussed the current compensation policy and interpretation of the intent of the Ad Hoc Compensation Committee for clarity and consistency regarding meeting payment (per day or per meeting). The consensus was to make no change to GP# 203 “Directors Fees and Expenses” at this time with the understanding meetings will be paid per day

unless recommended and authorized by the Board President to charge for multiple meetings in the same day. It was also recommended that a section providing guidance on monthly expenses be added to the board orientation packet.

DISCUSS POSSIBLE FALL RIVER BYLAW CHANGE - DISCUSSION-EXECUTIVE COMMITTEE

The Board discussed potential future needs and impacts and the process of a proposed bylaw change. The board consensus was to ask the Board Executive Committee to review Fall River's bylaws and make a recommendation to the full board. The board discussed protecting the Cooperative while providing the Cooperative authority to conduct business as normal with the members ability to vote on significant changes. The Executive Committee will further discuss and bring it back to the full Board.

ANNUAL MEETING PREPARATIONS

MEMBER NOMINATING COMMITTEE LIST FOR REVIEW-ADD OR SUBTRACT IN JANUARY

The Board was asked to review the list for further consideration at the next board meeting.

FALL RIVER BOARD TERMS

CEO Case stated the 2025 Board Districts up for election are:

District #4 Anna Lindstedt
District #7 Jodi Stiehl
District #9 Douglas Schmier

COMMITTEE ASSIGNMENT-TRAVIS MARKEGARD AS WREA REPRESENTATIVE

Vice President Crowther stated President Behrens has assigned Director Markegard as the WREA representative. CEO Case noted the upcoming WREA Annual meeting and Board meeting in January in Cheyenne, WY.

PNGC

PNGC REACHES MILESTONE-PPAS

CEO Case reported on PNGC's press release (included in the board packet) announcing it has entered into PPAs-power supply purchase agreements with multiple energy developers including a variety of resource types, delivery terms, environmental attributes, and locations across the Pacific Northwest. These agreements are in addition to the hydroelectric resources that PNGC Power acquires through purchases from the Bonneville Power Administration.

PARTNERSHIP/MEBERSHIP IN NRU

Included in the board packet.

NERC PRESENTATION AND FORECAST THIS WINTER

CEO Case noted the NERC Long Range risk map report stated most areas of North America are identified as either High Risk or Elevated Risks for reliability. In the NW, we are currently classified at normal risks, but it should be noted that drought conditions can elevate our reliability risks.

PPC NERC PRESENTATION

Included in the board packet.

NERC RELIABILITY REPORT

Included in the board packet.

BPA MARKETS DISCUSSION

CEO Case reviewed the presentations and noted he will update the Board as those decisions are made. The Board discussed the models, governance, economics, available resources, organizations associated, and bylaws.

BPA SPP MARKET+ AND EDAM PRESENTATION

Included in the board packet.

PNGC SUMMARY OF BPA ANALYSIS

Included in the board packet.

PPC AND BPA MARKET PARTICIPATION

PPC MARKET TALKING POINTS

Included in the board packet.

PPC MARKETS Q&A

Included in the board packet.

NRECA WORKING WITH TRANSITION TEAM & LETTER TO PRESIDENT TRUMP

Included in the board packet.

COOPERATIVE REPORTS

Director Lindstedt reported on the CFC Quarterly Economic update she attended.

Director Key reported on the FR Propane board meeting attended.

Director Draper reported on the CFC Quarterly Economic update attended.

Secretary Stiehl reported on the MECA winter board meeting and the CEO hiring process for MECA.

Vice President Crowther reported on an article.

CONSENT AGENDA

Board and CEO expense reports, New Memberships, Purchase of Power Agreements, Check Report, Safety Report, Early Retirement of Patronage Capital were reviewed by all Board Members in Board Package prior to meeting.

Director Robson made a motion to approve the consent agenda as discussed.

Director Keay 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 1:11 p.m. Director Lindstedt seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

A motion was made and seconded to go out of Executive Session at 1:32 p.m. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MANAGEMENT DISCUSSION ITEMS

NRECA INSURANCE AND FINANCIAL SERVICES COMM-INVESTMENT INFORMATION

CEO Case highlighted NRECA's employee retirement benefit financials noting NRECA is self-funded, and the high-quality programs are designed to address the unique needs of the cooperatives they serve and are delivered at cost.

PLAN KEY PERFORMANCE INDICATORS

Included in the board packet.

CAPITAL MARKET REVIEW

Included in the board packet.

NRECA 401(K) INVESTMENT OPTIONS

Included in the board packet.

SMR LETTER WITH FALL RIVER INFORMATION

Included in the board packet.

FALL RIVER COOPERATIVE COMMUNITY SOLAR-SUMMARY

CEO Case reviewed the following Cooperative Community Solar summary noting the original estimates provided to FR by the installer were close, but the project produced a bit less energy than expected. There was discussion on other projects, grants, and potential solar project partnering.

Subscription Cost per unit: \$150.00
Subscription size: 65.36 Watts
Estimated annual production per subscription: 94 kWh
Residential kWh cost when project began: \$.07152
Estimated Payback-94 kWh X .07152 = \$6.723 Annual Return or \$168.075 over 25 years
Actual Production per unit over past 12 months-79.44 kWh
(Current Residential kWh cost is \$.0575)
Current Payback-79.44 kWh X \$.0575= \$4.5678 Annual Return or \$114.195 over 25 years
(3-year average production is 77 kWh/year/unit)

MECA MUTUAL AID AGREEMENT

The agreement between MECA member utility providers to aid one another during emergencies or disasters was included in the board packet. This agreement outlines the terms and conditions the utilities will share resources to restore services quickly and efficiently.

RETAIL RATE INCREASE SUMMARY FOR COOPERATIVES

CEO Case stated the summary, which was included in the board packet, contained retail rate increase information of fifteen electric utilities in the northwest, noting that all of them had recently increased rates and most were anticipating multiple increases in the next few years.

HYDRO FACILITIES UPDATE

Island Park, Chester, and Buffalo generated a total of 1,196,901 kWh in November. This amounts to 3.3% of all the kWh billed by PNGC in November and 3.4% of all kWh sold and used by Fall River in November.

Felt Hydro produced 1,852,456 kWh in November. When this is included with Island Park, Chester, and Buffalo it amounts to 8.3% of all the kWh billed by PNGC in November and 8.6% of all kWh sold and used by Fall River in November.

ISLAND PARK

Island Park hydro produced 416,005 kWh during the month of November.

BUFFALO

Buffalo hydro produced 157,524 kWh during the month of November.

FELT

Felt hydro produced 1,852,456 kWh during the month of November.

CHESTER

Chester Hydro produced 623,372 kWh in the month of November.

DONATIONS

Included in the board packet.

FALL RIVER'S MANAGEMENT REPORT

Included in the board packet.

REPORTS BOARD COMMITTEES, MEETINGS, AND MEMBER COMMENTS

EXECUTIVE COMMITTEE

Nothing to report.

ADMINISTRATIVE COMMITTEE

Nothing to report.

ENGINEERING AND OPERATIONS COMMITTEE

Chairman Robson reported the Committee will meet in March of 2025.

FINANCE COMMITTEE

Chairman Lindstedt reported the Pre-Audit Conference Call will be on January 16, 2025.

POLICY COMMITTEE

Chairman Crowther reported the Committee will meet in May of 2025.

ATTORNEY REPORT

Attorney Rigby reported on the 2025 administration change and potential effects on industry issues as well as Columbia River Treaty updates.

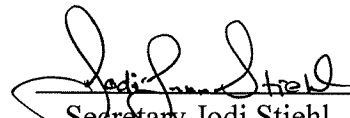
2024 / 2025 CALENDAR

Included on the board agenda.

ADJOURNMENT

A motion was made by Secretary Stiehl and seconded by Director Robson to adjourn the meeting. The meeting was adjourned by general consent at 1:59 p.m.

DATE APPROVED: January 27, 2025


Secretary Jodi Stiehl