

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

August 24, 2020

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday August 24<sup>th</sup>, 2020, 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 10:02 a.m. Executive Assistant Angie Haws recorded the minutes. The invocation was given by Past President Doug Schmier. The Pledge of Allegiance was recited.

ATTENDING OFFICERS

President Dede Draper, Vice President Georg Behrens, Secretary/Treasurer Husk Crowther, and Past President Doug Schmier

DIRECTORS PRESENT

Jeff Keay, Brent Robson, Jodi Stiehl, Jay Hanson, and Anna Lindstedt

DIRECTORS ABSENT

NONE

OTHERS

CEO/General Manager Bryan Case, Legal Counsel Attorney Jerry Rigby, CFO Linden Barney, Guests HR Manager Clint Washburn, IT Specialist Stephen Beasley, Member Services Manager Sheena Stricker, Bruce Smithhammer with Creative Energies Solar, Mac Dukart with Creative Energies Solar, and Executive Assistant Angie Haws

APPROVAL OF AGENDA

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

APPROVAL OF MINUTES

**Director Robson made a motion to approve the July 27<sup>th</sup>, 2020 Board Minutes as written. Director Hanson seconded the motion. President Draper asked if any opposed. None opposed; THE MOTION CARRIED BY GENERAL CONSENT.**

MEMBER COMMENTS

Member comments were included in the board packet.

FINANCIAL REPORTS JULY 31, 2020

CEO Case stated the financials still look good, in spite of the pandemic. CFO Linden Barney provided details regarding the financials. The Cooperative added 381K to net margins in July. Year-to-date net margins are \$862K ahead of budget expectations. Commercial kWh sales for the month of July were 9% under budget. Year-to-date commercial kWh sales are 5% under budget and 3% lower than last year. In total, kWh sales are in line with last year. Expensed labor and overhead costs are 5.5% under budget,

but labor, as a whole (capitalized and expensed) is between 2-3% of the budget. Other significant variances are listed on the variance analysis page and are consistent with prior months.

#### REVIEW FALL RIVER ELECTRIC'S IRS FORM 990 RETURN

The IRS form 990 was included in the board packet and reviewed by staff and the board.

### COOPERATIVE BUSINESS

#### CREATIVE ENERGIES – BRUCE SMITHHAMMER:

Guest Bruce Smithhammer from Creative Energies Solar gave a PowerPoint presentation which provided an opportunity to discuss the future of solar from the perspective of someone within the industry. CEO/GM Case commented Creative Energies has been a good company to work with, providing our members with information that allows them to have realistic expectations in terms of installation, costs, and generation results. Fall River is striving to make investing, installing, and connecting to our distribution system as hassle-free as possible for our membership. CEO/GM Case asked if there were any recommendations for FR, or anything Creative Energies felt we could do better. Smithhammer stated they feel fortunate to have such a good working relationship with FR. There was a discussion on FR's current net metering policy and process. Smithhammer discussed the progress solar has made over the years and spoke to the increased demand for storage, or battery back-up, similar to generators for electric. Discussion was held on changes to licensing in the state of Idaho and how that affected the industry and Creative Energies, specifically. Board members asked about snow removal, maintenance, technology, tax credits, projected costs, and types of systems available. Smithhammer discussed projects that Creative Energies Solar has been involved in, and he also spoke to the future of the industry in terms of growth and technology.

#### ENERGY STORAGE SUMMARY

Included in the board packet.

#### PATRONAGE CAPITAL RETIREMENT DISCUSSION

The previous discussion from last month's board meeting was revisited regarding other patronage capital retirement options. There was a brief review of the FIFO (first-in-first-out), the LIFO (last-in-first-out), and hybrid methods. Following a thorough discussion, the board concluded that although it is good to review Fall River Electric's processes and consider changes to patronage capital retirement, it is currently in the best interest of the membership to continue the current FIFO method of patronage retirement with a targeted, 20-year cycle.

**Past President Schmier moved that we make no changes to the patronage capital retirement. Director Robson seconded the motion. President Draper proposed that any not in favor of leaving patronage capital retirements the same say I. Hearing no opposition, THE MOTION CARRIED BY GENERAL CONSENT.**

#### STRATEGIC SOLAR DISCUSSION

CEO Case posed the question if now is the time to consider FR's next step toward community, and/or utility generation solar. The board discussed the available grant opportunities and limitations. The discussion branched to determining possible project

locations, types of systems, load, projection of costs, completed past projects, membership interest, and staff recommendations.

**Director Crowther made a motion to proceed with a community solar project. Director Stiehl seconded the motion. President Draper asked all in favor to present a community solar work plan and budget to the board.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

**Vice President Behrens made a motion to amend the previous motion to proceed with a community solar work plan and budget to the board and to look into large scale solar as well. Director Keay seconded the motion. President Draper asked all in favor to the amendment to the motion to include utility scale. A voice vote was taken; THE MOTION FAILED.**

#### BPA DISCUSSIONS

BPA ADMINISTRATOR ELLIOT MAINZER DEPARTURE  
Article is included in board packet.

BPA AND PUBLIC POWER SUPPORTIVE OF DEAUTHORIZING THE  
WILLAMETTE POWER GENERATION AT COUGAR AND DETROIT DAMS  
Included in the board packet

FINAL NEPA/EIS REPORT  
Included in the board packet

REQUESTED BPA SUPPORT OF B2H/IDAHO POWER AGREEMENT  
BPA continues to work on negotiating a solution to delivering transmission service to southern Idaho. BPA is still working toward forgoing ownership and having Idaho Power own the transmission as well as take the lead in providing transmission services for all of BPA's customers, under predetermined conditions. This may require that Fall River make commitments longer term for transmission services post-2028. CEO Case recommends that Fall River support BPA's efforts to work out an agreement with Idaho Power to assume BPA's financial interest in the construction of B2H. The proposed letter contained expectations for a post-2028 BPA contract which included power and transmission cost certainty, options for contract length, and contract exit language if BPA is unable to perform.  
**Director Behrens made a motion to approve the letter of support for BPA to pursue a B2H/Idaho Power transmission agreement. Past President Schmier seconded the motion. President Draper called for a vote.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

DIRECTOR COMMITTEE ASSIGNMENTS  
Included in the board packet

POLICY COMMITTEE RECOMMENDATION GP 319 – FRAUD PREVENTION  
The policy committee introduced the purpose of the Prevention and Detection of Fraud policy to provide a framework for the treatment for suspicion of fraud and for reporting suspicion of fraud. The Cooperative commits to properly address the concerns of members, other consumers, directors, and employees as submitted in accordance with the

provisions of this policy. The committee made a recommendation to the board to adopt the policy.

**Director Hanson made a motion to approve the proposed policy #319 “Prevention and Detection of Fraud” to General Policies. Vice President Behrens seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.**

#### FINANCE COMMITTEE RECOMMENDATION

The finance committee made a recommendation to accept the three-year audit proposal from DeCoria. Fall River sent out a request for proposal (RFP) and DeCoria’s proposal was acceptable to the finance committee. A recommendation was also made to accept the 10-year financial forecast as presented. A recommendation was made to accept the cost of service analysis (COSA) with no retail rate adjustments.

**Director Hanson made a motion to accept all three finance committee recommendations with one motion; acceptance of the three year audit proposal from DeCoria, acceptance of the ten year financial forecast, and acceptance of the cost of service analysis (COSA) with no rate increase. The motion was seconded by Director Robson. President Draper asked if any opposed. None opposed; THE MOTION CARRIED BY GENERAL CONSENT.**

#### MECA BOARD REPRESENTATION CERTIFICATION AND DELEGATE/ALTERNATE

**Vice President Behrens made a motion for Doug Schmier to be the primary MECA Board representative and for Jodi Stiehl to be the alternate representative. Jodi Stiehl will be the voting delegate and Doug Schmier will be the alternate voting delegate. Secretary/Treasurer Crowther seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.**

#### NRECA REGIONAL MEETING & VOTING DELEGATES

**Director Hanson made a motion for Vice President Behrens to be the voting delegate for NRECA and Jodi Stiehl to be the alternate. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.**

#### VOTING DELEGATES AND ALTERNATES CFC, FEDERATED, NWPPA

**Director Hanson made a motion for Jay Hanson to be the voting delegate for CFC and Vice President Behrens to be the alternate, for Bryan Case to be voting delegate for FEDERATED and Linden Barney to be the alternate, and for Doug Schmier to be the voting delegate for NWPPA and Secretary/Treasurer Crowther to be the alternate. Vice President Behrens seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.**

#### NORTH FREMONT BASEBALL DONATION REQUEST

The request to donate the entire cost of the scoreboard was presented and reviewed by FR staff. It was determined that this would not be a donation opportunity to pursue at this

time.

#### REVIEW ROBERTS RULES – JURASSIC PARLIAMENT

President Draper commented on the Roberts Rules training and how the information provided proved to be valuable and applicable to our meetings. Several directors made positive comments and shared examples of past board/organization experiences applying Roberts Rules.

#### TRAINING NRECA 951.2 – ON SITE AT FALL RIVER

President Draper stated we are in the process of arranging onsite board training through NRECA and, with the consensus of the board, training will take place in January of 2021.

#### REVIEW BOARD COMPENSATION REPORT

Report included in the board packet.

#### COOPERATIVE REPORTS

Director Lindsteadt had nothing to report

Director Keay reported the NWPPA classes were helpful, and he expressed his appreciation for the opportunity to attend.

Vice President Behrens attended meetings and thanked CEO Case for sending the report.

Director Hanson reported on the CFC virtual meeting and highly recommended the speaker. He provided information on the speaker for the directors to review.

Director Stiehl reported she will be attending a virtual class on patronage capital.

Past President Schmier reported on the upcoming MECA annual meeting, GRC process and resolutions, and the NWPPA standpoint in resolutions for NRECA.

President Draper reported on the Propane Strategic Planning Board Meeting.

Secretary/Treasurer Crowther had nothing to report

#### CONSENT AGENDA

**Director Robson made a motion to approve the Consent Agenda.**

**Secretary/Treasurer Crowther 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 2:30 p.m. Director Hanson seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

**Director Hanson made a motion to go out of Executive Session at 2:50 p.m. Past President Schmier seconded the motion.** A voice vote was taken; THE MOTION

CARRIED BY UNANIMOUS VOTE.

## MANAGEMENT DISCUSSION ITEMS

### TALKING POINTS FOR DISTRIBUTIVE SOLAR

Included in the board packet.

### CHECK LIST FOR DISTRIBUTIVE SOLAR

Document included in the board packet.

### FORECASTED PATRONAGE CAPITAL PAYOUTS

Document included in the board packet.

### HYDRO FACILITIES UPDATE

Island Park, Buffalo and Chester Hydro generated a total of 3,457,081 kW in July. This amounts to 8.2% of all the kW billed by PNGC in July and 8.9% of all kW sold and used by Fall River in July.

Felt Hydro produced 3,415,000 kWh in July. When this is included with Island Park and Chester, it amounts to 16.3% of all the kWh billed by PNGC in July and 17.8% of all kWh sold and used by Fall River in July.

ISLAND PARK: Recorded 2,781,250 kWh in July well above the 5 and 10-year averages for the month of July.

BUFFALO: Moss in the river choked off the intake at the plant and facilities were offline until July 18<sup>th</sup>.

FELT: Felt Hydro produced 3,415,000 kWh during the month of July

CHESTER: Screen is to be replaced. Applications for Felt and Chester interconnection and purchase of power agreements are moving forward.

### DONATIONS

Donation report is included in the packet.

### TETON CREEK CORRIDOR PROJECT

Included in the board packet

### CALIFORNIA BLACKOUTS

CEO Case stated the rolling blackouts are why energy storage is so important. Carbon-free, renewable hydroelectric facilities are able to integrate variable renewable generation because reservoirs are batteries and generation can be adjusted within limits to back up variable renewable generation. We need to look at other energy storage options for the future, such as battery storage. Past President Schmier asked questions regarding the environmental impact as well as the land resources that may be necessary for the storage. There was a discussion on hydro systems and possible breakthroughs in technology affecting the outcome of storage challenges.

### FALL RIVER'S MANAGEMENT REPORT

Included in the board packet.

## REPORTS

Board Committees, Meetings, and Member Comments:

Executive Committee President Draper had nothing to report.

Administrative Committee Director Keay had nothing to report.

Engineering & Operations Director Robson had nothing to report.

Finance Committee Director Hanson had nothing to report.

Policy Committee Director Schmier had nothing to report.


## ATTORNEY REPORT

Attorney Rigby reported on agreements and challenges that can develop as a result of an individual's interpretation of the agreement. He provided insight and examples.

## ADJOURNMENT

There being no further business, **Director Hanson 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 3:10 p.m.

DATE APPROVED: September 28, 2020

  
Secretary Brent Crowther