

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

February 27, 2023

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday, February 27, 2023, in Ashton, Idaho. Having determined a quorum was present, President Behrens called the meeting to order at 9:56 a.m. Executive Assistant Angie Haws recorded the minutes. The invocation was given by Anna Lindstedt. The Pledge of Allegiance was recited.

ATTENDING OFFICERS

President Georg Behrens, Vice President Brent "Husk" Crowther, Secretary/Treasurer Jodi Stiehl

DIRECTORS PRESENT

Past President Dede Draper, Jay Hanson, Anna Lindstedt, Jeff Keay, Brent Robson, and Doug Schmier

DIRECTORS ABSENT

NONE

OTHERS

CEO/General Manager Bryan Case, Attorney Jerry Rigby, CFO Linden Barney, Engineering Manager Dave Peterson, Engineer Nick Watson, Guest BPA Transmission Account Executive Bradford Morrison and his team Jim Smith, Kevin Mezina, Neal Arthur, and Executive Assistant Angie Haws.

APPROVAL OF AGENDA

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

APPROVAL OF MINUTES

Director Hanson made a motion to approve the minutes from the January 23, 2023, Board Meeting as presented. Vice President Crowther seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

BRADFORD MORRISON – BPA TRANSMISSION ACCOOUNT EXECUTIVE

As a self-funding, nonprofit federal power marketing administration within the Department of Energy, BPA covers its costs by selling its products and services. BPA delivers reliable, affordable, and carbon-free hydropower produced in the Columbia River Basin to communities across the Northwest. BPA markets wholesale electrical power from 31 federal dams in the Northwest that are operated by the U.S. Army Corps of Engineers and the Bureau of Reclamation. BPA operates and maintains about 15,000 miles of high-voltage transmission in its service territory.

Brad and his team discussed upcoming projects, timelines, industry studies, maintaining

resiliency, and resources.

MEMBER COMMENTS

PATRONAGE CAPITAL COMMENTS

CEO Case reported that he has received many thank yous in response to the patronage capital checks that were sent out in December.

NON-MEMBER FEE \$25 PER MONTH & RESIDENTIAL RATE -ACCESS, KW
CEO Case reviewed the policy in place for those on FR's lines that do not have a signed membership with the cooperative and efforts being made to reach out to those potential members. The board discussed fees, patronage capital, and the percentage of the membership affected.

FINANCIAL & STATISTICAL REPORT

DECEMBER 31, 2022, UPDATED FINANCIAL REPORTS

CFO Barney reported on the final financials for December. There were no audit entries however there were some adjustments to the financials since the last board meeting.

- Booking of FR Propane's final net income as investment income for electric \$1.46M.
- A correction to an interest accrual entry which resulted in \$63K more interest expense.
- An accrual for a contractor bill which was adjusted due to negotiation with the contractor post audit.
- Account true up entries and vendor invoices that came in late.

FIELD AUDIT & EXIT INTERVIEW

CFO Barney stated that the audit went well. An official audit report from DeCoria will be available in the near future.

JANUARY 31, 2023, FINANCIAL REPORTS

CFO Barney reported that net margins were \$603K for January which were \$113K above budget. Revenue for January was higher but was offset by higher power costs as we hit a new record peak for usage. Most of the variance is due to lower expensed labor and overhead, mainly due to timing and will get closer as the year goes on. The new service growth rate is at 3.5%. The cooperative's equity ratio is just over 47%. In January \$1.3M cash was generated from operations with \$300K invested in plant and materials and \$637K of principal on long term debt was repaid. As of January, \$4.3M of the capital budget has been used, most of which are carryover items from last year.

COOPERATIVE BUSINESS

FRREC ENERGY EXPO PREPARATION NOMINATING COMMITTEE

CEO Case reported that the nominating committee has been selected and will meet March 14, 2023, at 6 p.m. at the Ashton office.

TERMS FOR POWER AND TRANSMISSION

Industry terms were included in the board packet as a refresher and in preparation for ongoing discussions concerning PNGC and BPA post 2028 contract discussions.

BPA POST 2028 DISCUSSION AND UPDATES

PPC SUMMARY OF AGREEMENT AND UNANIMOUS SUPPORT

CEO Case reviewed significant differences between Fall River's current contract with PNGC and proposed changes to a revised PNGC generation and transmission contract which will be reviewed in comparison with alternative providers. EES, Gary Saleba and staff, have issued a request for proposals to serve Fall River's needs and has been enlisted to compare the wholesale power and transmission options available to Fall River.

PNGC BPA POST 2028 COMMENTS

Included in the board packet.

SNAPSHOT OF VARIOUS PROPOSED SCENARIOS

CEO Case reviewed the estimated future cost of power to Fall River based on various scenarios on proposed BPA post 2028 contract specifications. The least cost option for Fall River is an NRU proposal which PNGC participating in creating and is supportive of. Ultimately, BPA will decide post 2028 contract specifications. BPA has modified their initial proposal based on public powers input. Fall River, PNGC and many AHWL utilities are pressing BPA to provide additional optionality and flexibility for service Tier 2 or AHWL needs. This includes allow entities to identify dedicated nonfederal resources without a decrement to our Tier 1 allocation. In addition, we would like to be able to purchase nonfederal resources and use BPA transmission transfer service to deliver those resources.

PNGC POST 2028 CONTRACT UPDATE

SIDE BY SIDE REVIEW UPDATE

Included in the board packet.

PNGC CONTRACT REVIEW COMMITTEE LEGAL REVIEW

PARTICIPATION – JERRY RIGBY

CRC VOTING DELEGATE

Director Hanson made a motion to retain the CRC voting delegates in place Bryan Case Voting Delegate and Georg Behrens Alternate Voting Delegate. Secretary Stiehl seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

STATE LEGISLATIVE UPDATES

IDAHO AND ICUA

Included in the board packet.

MONTANA AND MECA

Included in the board packet.

WYOMING AND WREA

Included in the board packet.

MISSION STATEMENT, PRINCIPLES OR PILLARS, AND SLOGAN

CEO Case reviewed the mission statement, principles, and pillars. The board discussed them and agreed that the mission and pillars continue to align with the vision and goals for the Cooperative.

Fall River Electric Mission Statement:

Fall River Rural Electric Cooperative is committed to safely and economically provide reliable energy and other services which bring value to its membership.

Slogan:

“Where Service Matters”

Pillars:

C – Community
A – Accountability
R – Reliability
E – Efficiency
S – Safety

FALL RIVER FACTS AND FIGURES

Provided to the board.

RECENT DIRECTOR REPORTING – JEFF KEAY AND JODI STIEHL

Director Keay and Secretary Stiehl reported on Director Training that they each attended sharing highlights and emerging topics in the industry.

COOPERATIVE REPORTS

Director Keay reported that he attended FR Enterprises Propane Board meeting as well as NRECA Director training.

Director Hanson reported that he attended CFC meetings and has submitted his report.

Secretary Stiehl reported that she attended NRECA’s Director training.

President Behrens reported that he attended ICUA board meeting and reported on solar research he conducted.

CONSENT AGENDA

Director Hanson made a motion to approve the consent agenda. Director Keay 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 1:11 p.m. Vice President Crowther 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 2:03 p.m. Director Hanson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

Director Hanson made a motion to adjust the CEO's salary according to the board's discussion. Vice President Crowther seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MANAGEMENT DISCUSSION ITEMS

YEAR END RECAP 2022 GOALS AND WORK PLAN

Included in the board packet.

2022 FALL RIVER ACCOMPLISHMENTS

CEO Case stated that all of Fall River's accomplishments require the entire team's focus on a collective vision with dedication to carry out the strategic objectives outlined in our work plans and goals. These accomplishments truly are a team effort and Fall River's accomplishments are a testament to the caliber of the staff we are honored to work with. A list of some of the 2022 accomplishments was included in the board packet.

WHAT IS A COOPERATIVE? FALL RIVER VERSION

Member services completed another short video to help Members understand what a Cooperative is.

UPDATE ON GRANT AWARDS AND PROJECT COMPLETION

CEO Case stated FR has received grants for EV chargers, the 46-115kV line - widening, 4000 North project, and SCADA project. More grant opportunities are on the horizon. Fall River currently has three grants the Cooperative has been awarded and has applied for additional grants. A summary of grants awarded and applied for was included in the board material.

CRISIS COMMUNICATION GUIDELINES AND CONTACTS

CEO Case briefly discussed the guidelines in the event Fall River has a crisis.

FALL RIVER INSURANCE COVERAGE AND CLAIMS SUMMARY

Included in the board packet.

PNGC – COFFIN BUTTE UPDATE

Included in the board packet.

FALL RIVER & INL MICRO GRID PILOT PROJECT UPDATE

CEO Case reported Fall River will team up with the Idaho National Laboratory on a

project this spring to black start the lower Felt Hydro plant. Fall River will construct a section of powerline to connect the plant to a transformer and load bank that will be set at the Badger Substation. Sunbelt Rentals Inc. (SRI) will provide the transformer and load bank. With the temporary line connecting the plant to the site at the Badger sub, the plan is to start the plant and generate up to 4 MW to the load bank which will be isolated from the grid. The anticipated timeline for the project is March thru June 2023.

EMPLOYEE HOUSING UPDATE

CEO Case reported the required applications for the employee housing property have been submitted to the county for review. The manufactured homes are scheduled for completion by April 1, 2023. Additional preparations are being coordinated through staff engineers.

YOUTH RALLY APPLICATIONS DUE APRIL 12TH

SCHOLARSHIP APPLICATIONS DUE MARCH 24TH

HYDRO FACILITIES UPDATE

Island Park and Buffalo generated a total of 786,511 kWh in January. This amounts to 1.8% of all the kWh billed by PNGC in January and 1.8% of all kWh sold and used by Fall River in January.

Felt Hydro produced 1,531,000 kWh in January. When this is included with Island Park Chester, and Buffalo it amounts to 5.3% of all the kWh billed by PNGC in January and 5.4% of all kWh sold and used by Fall River in January.

ISLAND PARK

Island Park hydro produced 504,015 kWh during the month of January.

BUFFALO

Buffalo hydro produced 158,650 kWh during the month of January.

FELT

Felt hydro produced 1,531,000 kWh during the month of January.

CHESTER

Chester Hydro ran for 10 days during the month before the extreme cold temperatures created too much ice. The plant generated 123,846 kWh in January.

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 Key reported the committee met today and made assignments for scholarships.

ENGINEERING & OPERATIONS COMMITTEE

Nothing to report.

FINANCE COMMITTEE

Nothing to report.

POLICY COMMITTEE

Chairman Schmier reported the Policy Committee will meet in March.

ATTORNEY REPORT

Attorney Rigby reported on new assignments in organizations. He also addressed the ongoing water rights discussion.

ADJOURNMENT

There being no further business, **Director Hanson made a motion to adjourn. Secretary Stiehl seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE. The meeting was adjourned at 2:29 p.m.

DATE APPROVED: March 27, 2023


Secretary Jodi Stiehl