

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

March 27, 2023

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday, March 27, 2023, in Ashton, Idaho. Having determined a quorum was present, Husk Crowther called the meeting to order at 10:02 a.m. President Behrens participated remotely and asked that Vice President Crowther conduct the meeting. Shelly Phelps recorded the minutes. The invocation was given by Georg Behrens. The Pledge of Allegiance was recited.

ATTENDING OFFICERS

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

DIRECTORS PRESENT

Past President Dede Draper, Jeff Keay, Brent Robson, and Doug Schmier, Jay Hansen-
remotely

DIRECTORS ABSENT

Anna Lindstedt

OTHERS

CEO/General Manager Bryan Case, Attorney Hyrum Erickson, CFO Linden Barney, IT
Manager Shannon Hill, Shelly Phelps.

APPROVAL OF AGENDA

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

APPROVAL OF MINUTES

Director Robson made a motion to approve the minutes from the February 27, 2023, Board Meeting as presented. Director Keay seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MEMBER COMMENTS

CEO Case reported a Propane Customer inquiry over the Holiday weekend. Case reviewed the costs and policy for weekend and holiday deliveries. There was a discussion on propane availability and efficiency.

CEO Case reported a member of Fall River Electric also expressed his concern regarding the monthly access fee. The member is a net metering account and owns rooftop solar. He does not want to pay the monthly access fee to be connected to our distribution system. An in-depth explanation was provided to the member addressing his concerns on access fees and the over cost of power.

INL - SHAFIUL ALAM JOINT FALL RIVER INL BLACK START/MICRO GRID PROJECT

Fall River has asked INL if there was interest in a pilot project at Fall River using our small hydro facilities to create a micro grid similar to the test INL and Idaho Falls power had done. Thomas Mosier and Shafiul Alam were excited for the opportunity to show they could replicate the black start and microgrid operation in other locations with local generation. Fall River Electric and INL have partnered to conduct a live test using Fall River's Felt Hydro. Modeling will be done through April 2023, simulation is scheduled for April 17th -25th, testing April 5th- May of 2023. Field demonstrations on site at Felt will take place in June 2023.

FINANCIAL & STATISTICAL REPORT

FEBRUARY 28, 2023, UPDATED FINANCIAL REPORTS

CFO Barney reported on the financials for February 2023. The Cooperative is \$388,000 above net margins and under budget on labor. The growth rate and services are down to a 3.5% increase in new services compared to the 3.8% growth rate last year. The equity ratio is 48.3 percent. The Cooperative generated 4.1 million. Made an investment in API and saved over 2 million so far.

Interest rate strategies were discussed, during the past decade interest rates have been at four percent. Due to the lower interest rates, FR has been fixing long-term debt using long-term rates with many of our loans being fixed to maturity. With an increasing interest rate environment FR is switching back to short-term long-term debt strategy with hope that interest rates will in a couple of years moderate and decrease.

COOPERATIVE BUSINESS

STRATEGIC DISCUSSION

PLANS FOR SUBSTATION PROTECTION AND RESTORATION

CEO Bryan Case reviewed the Cooperative's plan for Substation Protection and Restoration. Current concerns are mostly hunters. CEO Case discussed with the board different options providing varied levels of. The board supported the staff's focus on having enough backup equipment to make repairs if substations are damaged and other security measures including substation surveillance.

ENERGY EXPO-MEMBER NOMINATING COMMITTEE

Vice President Crowther represented the board at the Nominating Committee meeting and reported on the meeting. Crowther stated it took 30 minutes for nominations to be completed. Members can still do self-nominating.

PNGC PRESENTATION & PRINCIPLES ON RTO

President Georg Behrens reported to the board on RTO principles and stated concerns of dependance on BPA's infrastructure. The Board agreed FR should have representation. PNGC has proposed a list of initial principles and FR will participate with PNGC in the formation of an RTO in the West.

PNGC PROPOSED APPROACH TO BPA POST 2028 CONTRACT NEGOTIATIONS

CEO Case reviewed with the Board. PNGC's approach to BPA post 2028 developing legislative and preliminary actions. The board discussed PNGC's proposal, the

importance of working with other industries, and continual involvement in the discussion.

RECAP OF NRECA TECHNOLOGY ROADMAP PRESENTATION-

CEO Case stated Fall River has been recognized as a leader in investing in new technologies even though our Cooperative is considered a smaller utility. Fall River's Board has been participating in what's next and he commended the board for their involvement in Fall River's future. CEO Case presented at Power Xchange, NRECA's Annual meeting, in a breakout session where he discussed the strategies and processes in place to implement technology to reduce costs, improve efficiencies, and member service. He discussed FR's investment in smart grid technology which was the foundation to the Cooperative and included AMI meters and fiber optics. He also discussed a grant FR was awarded for level three EV chargers, as well as the Tesla model 3 FR purchased in an effort to gather information on their use in FR's geographical area and their impacts on the distribution system. The data we have been compiling has provided information benefitting both the members and the Cooperative.

PROPANE BOARD ORIENTATION

David McKinnon provided information regarding board orientation but was not present at the meeting. CEO Case gave a brief review of the Propane board orientation.

The board discussed un-issued Propane Shares and reviewed that Fall River Enterprises is a subsidiary owned by Fall River Electric. There are two supervisors for FR Propane, Brad Burnside oversees Service and Darin Hansen oversees Delivery. These two supervisors report directly to David McKinnon the Propane Manager.

It was noted that new legislation was passed which prohibits natural or propane gas use within a few major cities. The positive of this is that coal plants are being turned into natural gas generation plants. McKinnon suggests propane prices may remain high for the next several years.

The Propane board's long-term strategic focus includes additional growth in expansion into Wyoming, propane storage, future fleet requirements, and possible expansion opportunities. Propane financials are really strong in the first quarter.

The Propane Board conducted McKinnon's review and reported they are very pleased with his performance.

The propane board alternate for Director Draper is Director Key. Key can't vote as the alternate, under the current Fall River Enterprises, Propane bylaws. FRE, the Shareholders, can make a By-law change to recognize Fall River Electric's alternate board members and alternate in the absence of FRE's primary board representative. This proposed By-law change was presented to the Propane at the board meeting, and they did not have any objections to the change and were supportive. Jerry Rigby, Bryan Case, and David McKinnon will work on a proposed change to present at the next shareholders meeting in January.

STATE LEGISLATIVE UPDATES

ICUA Idaho passed legislation that utility scale batteries are clean energy and also confirmed that hydro power is a clean energy resource.

WREA legislative issues that have passed include slow down laws for traffic

around utility workers, and legislation regarding net metering.

MECA -A proposed law regarding collecting taxes from electric vehicles was discussed. States will need to address the process for collecting road maintenance taxes from EVs. Gas and diesel vehicles pay the tax as they fuel their vehicles. The dilemma with EV's is that EVs are primarily charged at home, 80 percent of the time. The proposed Montana legislation is putting the burden on electric utilities to identify and then collect and pay taxes on EV charging. We are concerned about this legislation, and we don't know how FR, or any other utility will be able to police EV charging and then collect the appropriate taxes. FR thinks this is bad policy and suggests collection as individuals registered annually with monthly or quarterly tax payments administered by the State.

LOWER SNAKE RIVER DAMS SUPPORT AND DISCUSSION

Director Robson made a motion that Fall River staff develop a board resolution for the board's review and approval which expresses the Cooperative's support for the Lower Snake River Dams and the CRSO NEPA process. Motion was seconded by Director Schmier. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

COOPERATIVE REPORTS

NRECA GOVERNANCE TALK VIDEO CREATING A HEALTHY BOARD CULTURE

<https://youtu.be/4i87m4tSV91>

The board reviewed and discussed Fall River's board culture and felt FR had a well established and good culture.

BOARD REPORTS

Director Draper will participate in the PPC Fuels and PPC Executive Committee meeting. She also attended the FR Propane Board Meeting last week.

Secretary/Treasurer Stiehl will attend MECA meetings next week.

Director Schmier attended an NWPPA meeting and reported on it. He stated NWPPA is in a good financial situation. NWPPA's annual meeting will be held in Anchorage, Alaska in the middle of May. There will be an award presented to Fall River at the annual meeting and a FR staff member was recognized at NWPPA's Engineering and Operations Conference.

Director Hanson reported that he shared CFC meeting information with the board on the Silicon Valley Bank Collapse.

President Behrens attended ICUA meetings last week and Scott Bedke, LT Governor of Idaho spoke to them. CEO Case and President Behrens will attend

NRECA's legislative conference meetings next week.

CONSENT AGENDA

Employee Vouchers, New Memberships, Purchase of Power Agreements, Check Report, Safety Report, Early Retirement of Patronage of Patronage Capital was reviewed by all Board Members in Board Package prior to meeting.

Director Keay made a motion to approve the consent agenda. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE

EXECUTIVE SESSION

Director Schmier made a motion to go into Executive Session at 2:03 p.m. Secretary/Treasurer Stiehl seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

Director Keay made a motion to go out of Executive Session at 2:30 p.m. Director Schmier seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MANAGEMENT DISCUSSION ITEMS

PATRONAGE CAPITAL ALLOCATION FOR 2022 NET MARGINS

The Board discussed the patronage capital allocation for 2022. Allocations are scheduled to go out to members by the middle of April.

Examples of the patronage capital cover letter, the patronage capital certificate and patronage capital by year statement were reviewed.

NEW VICTOR SUBSTATION

CEO Case discussed the naming of the FR substation located between Victor and Driggs. The new proposed substation is named the Mid-way. Dave Peterson, Engineering Manager, held a contest with staff to come up with a new name. There were several creative suggested names.

COMMENTS ON DOE'S TRANSFORMER EFFICIENCY MANDATES

A letter written to DOE and proposed mandates for transformer efficiency was included for information. The proposed action will further exacerbate FR's ability to get transformers to meet our robust new service requests.

WYOMING PSC APPROVAL OF NET METERING INCREASED ALLOWANCE FOR COMMERCIAL AND IRRIGATION DISTRIBUTIVE GENERATION

The board discussed that Wyoming has approved the Net metering rate FR submitted.

HYDRO FACILITIES UPDATE

Island Park and Buffalo generated a total of 693,711 kWh in February. This amounts to 1.7% of all the kWh billed by PNGC in February and 1.7% of all kWh sold and used by Fall River in February.

Felt Hydro produced 1,130,000 kWh in February. When this is included with Island Park and Buffalo it amounts to 4.4% of all the kWh billed by PNGC in February and 4.5% of all kWh sold and used by Fall River in February.

ISLAND PARK

Island Park hydro produced 565,043 kWh during the month of February.

BUFFALO

Buffalo hydro produced 128,668kWh during the month of February.

FELT

Felt hydro produced 1,130,000 kWh during the month of February.

CHESTER

Chester Hydro did not run in the month of February due to the cold temperatures and iced over intake.

FALL RIVER SCHOOL SAFETY DEMONSTRATION SCHEDULE

CEO Case reported that Fall River's school safety demonstrations have started in the month of March. FR invites all elementary schools to participate in electric safety demos and the Cooperative reimburses the schools to bus their students to our facilities. We are working on also including some demonstrations for high school age youth.

DONATIONS

Included in the board packet.

FALL RIVER'S MANAGEMENT REPORT.

Included in the board packet.

REPORTS BOARD COMMITTEES, MEETINGS, AND MEMBER COMMENTS

POLICY COMMITTEE

Chairman Schmier stated the committee met and discussed policies that were reviewed in Policy Committee Meeting this morning.

ADMINISTRATIVE COMMITTEE

Chairman Keay stated the committee discussed scholarship applications and the committee will meet to make recommendations in April.

EXECUTIVE COMMITTEE

President Behrens reported he had met with CEO Case regarding his annual appraisal.

ENGINEERING AND OPERATIONS COMMITTEE

Nothing to report.

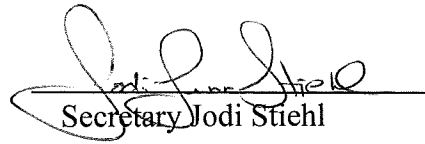
ATTORNEY RIGBY'S REPORT

Attorney Hyrum Erickson didn't have anything to report.

ADJOURNMENT

There being no further business, **Director Hanson made a motion to adjourn. Director Keay seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE. The meeting was adjourned at 2:45p.m.

DATE APPROVED: April 24, 2023



Secretary Jodi Stiehl