

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

September 28, 2020

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday September 28<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 10:01 a.m. Executive Assistant Angie Haws recorded the minutes. The invocation was given by Secretary/Treasurer Brent “Husk” Crowther. 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; and guests Member Chi Mellville, HR Manager Clint Washburn, Marketing Public Relations Manager Ted Austin, Lead Member Service Rep. JR Wood, Member Services Manager Sheena Stricker, Operations Manager Trent Yancy, Engineering Manager Dave Peterson, and Executive Assistant Angie Haws

APPROVAL OF AGENDA

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

APPROVAL OF MINUTES

**Secretary/Treasurer Crowther made a motion to approve the August 24<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

Chi Mellville submitted a letter with questions regarding Fall River’s net metering process. President Draper welcomed Chi and CEO Case addressed the questions posed concerning the Cooperative’s net metering in Wyoming. The member questioned the rate reimbursed for the excess power generated and exported to the Cooperative when the member also pays the Access Fee. CEO Case explained that Fall River purchases wholesale power which is 94% carbon-free, with most of the power (84%) coming from green, renewable hydro

generation. The 3.8 cent wholesale cost includes several services in addition to the delivery of energy. Those services include:

- Energy availability 24 hours a day, 7 days a week and 365 days per year
- Load following and load balancing services
- Resource support services when we have unexpected or unplanned increases in load or in the instance one, or all, of our small hydro facilities stop producing
- Spinning reserves with back up generation and voltage support

In offering members Fall River's wholesale price, we are buying that excess power at a premium because distributive generation, PV solar generation, doesn't provide any of the above mentioned additional-value-added services necessary to run a reliable electric utility. The Access Fee charged by Fall River, \$39 for residential accounts, does not include the entire cost of Fall River's distribution system operations and maintenance. If it did, we would only need to charge 3.8 cents per kWh, yet our kWh charge is 7.152 cents for the first 2000 kWh and 8.441 cents for kWh usage over 2000 kWh, collecting some fixed costs in our kWh charge. There was a discussion about the tariff and the potential of Wyoming changing annual reconciliation at some point in the future. Director Key commented on the importance of making sure the policy is right for our members, and the board's responsibility to ensure that it is easy for our members to understand. Director Key also commented he felt the net metering tariff was in line with the industry and appropriate for Fall River. President Draper asked Mr. Mellville if he had any remaining questions and stated that we would be happy to follow up with a phone call or email. Chi responded he did not have additional questions or comments.

#### FINANCIAL REPORTS AUGUST 31, 2020

CFO Linden Barney reported that net margins are \$1M ahead of budget year-to-date through August. A big portion of this (\$367K) is revenue net of power costs. Revenue is within 1% of budget and prior year revenue. The kWh sales from commercial accounts are rebounding (within 2.5% of prior year and just over year-to-date August 2018). Irrigation sales are down, but this fluctuates significantly depending on how dry or wet the year is. The kWh revenue portion of irrigation is basically a pass through.

Lower hydro expenses, specifically repairs, maintenance, and resource support services, are lower than last year. This is a large contributing factor to lower power costs. Labor and overhead is 5% lower than budgeted, partly due to a higher capitalization rate of labor (more charged to work orders than budgeted). Interest on long-term debt is \$147K lower than budget due to lower-than-anticipated variable rates in the budget (just over \$3M of Fall River debt is variable), repricing of over \$3M in fixed-term debt earlier in the year to a lower rate, and self-financing loans to Propane rather than pass-through borrowing from CFC. Fall River's equity ratio is just over 45%. We anticipate a small dip in the ratio at year end with the general patronage retirement. Annualized growth in new member services remains high at 2.6%. Cash flow is as follows: \$7.2M generated year-to-date from operations, \$1.9M year-to-date used in investing activities (primarily in new plant), \$3M of long-term debt has been retired and \$1.9M was borrowed under the PPP loan program.

We have spent 47% of the revised capital budget amount year-to-date. There have been some overages, but one capital budget project (Horse Butte Feeder) came in significantly under budget. CEO Case stated next month he will present options for December patronage capital retirement.

There was a discussion regarding the growth rate and conservative estimates for the end of 2020 as well as the approach to the 2021 budget, and there was a consensus that Fall River is still on track. President Draper expressed her appreciation to staff and management for a job well done reaching 45% equity in the Cooperative.

## COOPERATIVE BUSINESS STRATEGIC DISCUSSIONS

**JEREMY GUTSCHE – COMPARE AND CONTRAST “TYPES” DISCUSSION**  
Attendees explored the results of a survey the board was invited to participate in to assess individual personalities and how they apply to leadership styles, weaknesses and strengths.

### FALL RIVER COOPERATIVE SOLAR PROJECT PRIORITIZATION EXERCISE

The board participated in a blind survey ranking the most important points or objectives for the Cooperative Solar project. The intention of the exercise was to assist in choosing a location and moving the project forward with a unified vision that best serves the membership.

**Vice President Behrens made a motion to correct the August 24<sup>th</sup>, 2020 Board Minutes as discussed. Director Hanson seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

### FALL RIVER ELECTRIC VEHICLE DISCUSSION

CEO Case presented a PowerPoint to compare and contrast various electric vehicle options currently in the marketplace. Points of interest were the level of charge required for each vehicle, as well as the cost verses value to our membership. The desired benefits being explored by staff include the ability to test the vehicle and provide statistical information to our membership as well as the opportunity to provide members with a chance to test drive the electric vehicle.

Secretary/Treasurer Crowther asked if we would do our due diligence researching for a potential future purchase of an electric vehicle, regardless of the outcome of the motion, and present the results to the board for review. The consensus was yes, that information will still be gathered and presented.

**Vice President Behrens made a motion to purchase an electric vehicle for marketing, experimenting, and promotional purposes. Director Keay seconded the motion.** A voice vote was taken; THE MOTION FAILED.

Vice President Behrens commented he made the motion at this time to allow staff the ability to make the decision while the information being reviewed was still relevant, and the vehicle options listed were still available. The consensus of the board was supportive of the idea and the board encouraged staff to include the proposal in the 2021 capital budget for discussion.

### STUDENT DIRECTOR VOLUNTEER PROGRAM FOR ADMINISTRATIVE COMMITTEE REVIEW

The Administrative Committee will request more information. Director Hanson would like the objectives for this program highlighted, prior to making a decision to implement it. CEO Case will reach out to local principals to discuss.

#### WEST YELLOWSTONE MEMBER APPRECIATION DAY

The member appreciation event in West Yellowstone was held as a drive thru event on Friday, September 11, 2020, from 11 a.m. until 2 p.m. at the West Yellowstone office. Total member attendance was 269, a 58% increase from the 2018 event. Conservation kits were given to each member, and a choice of gift (a knife set or local gift card of equal value) was offered until we ran out. Names and phone numbers were collected for the members that did not receive a conservation kit, and those members will be contacted once additional kits have been restocked in our West Yellowstone office for pick up. The increased member attendance was not anticipated with the decision to change to a drive thru event and not serve a meal out of concern for the safety of our members during the COVID-19 pandemic.

#### BOARD PROPOSED 2021 BUDGET

Included in board packet and reviewed and discussed by the board

#### NRECA COVID MEMBER SURVEY

CEO Case presented a PowerPoint highlighting the outcome of the NRECA member survey and was pleased to report that Fall River did well. A high percentage of members felt our actions were appropriate and timely. We received many positive comments from our membership about our great service, good communication, and our staff. There was an evaluation of the data to determine if any improvements could be made going forward.

#### NET METERING TALKING POINTS

Included in board packet

#### HYDROELECTRIC GENERATION TALKING POINTS

Included in the board packet

#### NW RIVER PARTNERS COLUMBIA RIVER SYSTEM WATER QUALITY REGULATIONS BRIEFING

#### DROPBOX – IMPORTANT BOARD DOCUMENTS

Documents consistently needed will be placed in a central location for board members to easily access. Directors are encouraged to communicate any additional documents that they would like to be added to the folder.

#### RECOGNIZE JEFFREY KEAY – NRECA BOARD LEADERSHIP PROGRAM

Director Keay was recognized for completing the NRECA board leadership program. CEO Case, along with the board of directors, congratulated Director Keay and President Draper presented him with a certificate.

## COOPERATIVE REPORTS

Director Lindsteadt had nothing to report.

Director Keay reported the NWPPA was a good meeting and he has taken 6 out of 10 of the NWPPA classes.

Vice President Behrens attended ICUA on September 17th. There will be an upcoming Zoom meeting to which directors are invited to listen and comment on. He will send link out for the meeting.

Director Hanson reported on the Robert's Rules classes and his appreciation that the classes can be downloaded. He will attend the CFC board meeting next week virtually.

Director Stiehl reported she attended a virtual class on patronage capital. The class reinforced that Fall River is doing all of the right things. She also attended the NWPPA annual meeting and reported the speakers were very good. Next week she will be attending the MECA annual meeting.

Past President Schmier reported on the NWPPA annual meeting. He was excited to see the participation, and it was great to be part of. He will be attending the upcoming MECA annual meeting.

President Draper reported on the NWPPA annual meeting that 6 directors attended, and it was well worth the time. President Draper will be attending the upcoming CFC webinar conference.

Secretary/Treasurer Crowther had nothing to report

## NWPPA ANNUAL MEETING HIGHLIGHTS

Discussed under cooperative reports

## STRATEGIC PLANNING DISCUSSION

Highlights from the CFC Commitment to Excellence and the board's self-evaluation strategic planning session was discussed. CEO Case reviewed items of particular interest brought up in the meeting. The board and management discussed a few items the Cooperative could review and discuss annually.

## CONSENT AGENDA

**Director Hanson 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.**

#### SUMMARY OF FISH STUDY TO DATE

As of September 7th, 2020, the total number of fish counted in this year's fish study was 1,080. Of that, 773 were trout and the rest were mountain whitefish, suckers, and dace. The largest fish was 19.3 inches long. Engineering Manager Dave Peterson presented a PowerPoint and answered questions.

#### CFC PATRONAGE CAPITAL RETIREMENT

Included in the board packet

#### FEDERATED SAFETY AND LOSS PREVENTION ASSESSMENT

Included in the board packet

#### BPA IS SIGNALING A 3% WHOLESALE POWER INCREASE

#### DONATIONS YEAR-TO-DATE

Included in the board packet

#### REPORTS

Board Committees, Meetings, and Member Comments:

Executive Committee President Draper had nothing to report.

Administrative Committee Director Key had nothing to report.

Engineering & Operations Director Robson had nothing to report.

Finance Committee Director Hanson reported the next meeting is October 19<sup>th</sup> at 10 a.m.

Policy Committee Director Schmier reported the next meeting is October 26<sup>th</sup> at 9 a.m.

#### ATTORNEY REPORT

Attorney Rigby reported that the anticipated bad debt due to COVID is 2.6B nationally. The issue and question that has been brought up among cooperatives is if capital credits can be recouped or offset in case of bankruptcy. CEO Case stated that he was working with the Member Services Manager on bad debts and they are not currently seeing big changes due to COVID. There are also funds available through the Helping Hands program to help those experiencing difficulties paying their bill.

#### FALL RIVER'S MANAGEMENT REPORT

Included in the board packet

#### ADJOURNMENT

There being no further business, **Director Hanson made a motion to adjourn. Director Stiehl seconded the motion.** A voice vote was taken; **THE MOTION CARRIED BY UNANIMOUS VOTE.** The meeting was adjourned at 2:44 p.m.

DATE APPROVED: October 19, 2020

  
Secretary Brent Crowther