A General Session of the Board of Directors was held on February 28, 2013, at the Lower Valley Energy Jackson office. The meeting was called to order at 9:00 a.m. by Board Chairman, Rod R. Jensen.

BOARD MEMBERS PRESENT: Fred Brog, Peter Cook, Rod R. Jensen, Ted Ladd, Dean S. Lewis, Linda Schmidt, and Nancy Winters.

OTHERS PRESENT: James R. Webb, President/CEO; Steve Duerr, Attorney; Rick Knori, Director of Engineering; Bill Spaulding, Director of Electric Operations; Brian Tanabe, Communications Manager; Wade Hirschi, CFO; Gay Petersen, Executive Assistant/HR; Sheldon Peterson, CFC Governor; John Willott, Retired Exxon Executive of Exploration, and Shelly Simonton, JHESP.

Minutes of the December 17, 2012, General Session were accepted as presented.

Rod R. Jensen introduced Sheldon Peterson, Governor of CFC. Discussion was held regarding the particulars of the recent CFC loan in the amount of 170 million to participate in the BPA Prepayment Program. The projected savings over the next few years to Lower Valley Energy were reviewed.

Photos with Sheldon Peterson and the Board were taken.

A motion was made and seconded to adopt a Board Resolution for a certificate of incumbency to allow Lower Valley Energy to borrow 170 million from CFC for the Bonneville Power Administration Prepayment. It was also authorized to allow Rod R. Jensen and James R. Webb to execute the necessary loan documents. Motion was adopted. Voting was unanimous.

Sheldon Peterson expressed his views regarding the current economy and future projections. He also reviewed the drivers behind CFC's recent loan growth.

Mark McMillan with HD Supply presented Lower Valley Energy with a rebate check of $15,409.58. He expressed appreciation to the management and staff at Lower Valley Energy, Inc.

The director districts were reviewed. Board consensus was to leave as is for the current year but to set policy parameters.

A motion was made and seconded to set director districts at a density variance of 2% before adjustment. Motion was adopted. Voting was unanimous.

James R. Webb discussed the President/CEO Report.

A motion was made and seconded to approve the proposed budget adjustment in the amount of $31,500 for the needed gas combustion unit at the Rim Station. Motion was adopted. Voting was unanimous.

A motion was made and seconded to adopt an Avain Protection Policy #514 as amended. Motion was adopted. Voting was unanimous.

John Willott, retired Exxon Executive of Exploration, joined the meeting at 10:45 a.m. to give a presentation on horizontal drilling and multistage fracturing.
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Steve Foster and Shelly Simonton with JHESP and Ben Graham with the Jackson Hole News
and Guide joined the meeting at 11:00 a.m.

James R. Webb introduced Shelley Simonton with JHESP. She gave an update on JHESP
developments, activities and future plans.

James R. Webb continued the President/CEO report.

James R. Webb reviewed the draft 2012 year-end financial statements.

Linda Schmidt presented the 2013 Audit Committee Report.

A motion was made and seconded that accounts receivable in the amount of $17,064.46 be
written off with $9,331.76 in patronage capital credits to be applied towards the bad debt
resulting in a net write off of $7,732.70. Motion was adopted. Voting was unanimous.

James R. Webb reviewed the natural gas and propane balancing accounts.

James R. Webb discussed the proposed natural gas rate change.

A motion was made and seconded to approve the proposed increase to natural gas rates making
residential/small commercial $1.35 per therm and $1.24 per therm for large commercial.
Motion was adopted. Voting was unanimous.

James R. Webb discussed the proposed propane rate change.

A motion was made and seconded to approve the proposed increase to propane rates making
residential $1.68 per gallon, large residential $1.59 per gallon, small commercial $1.46 per
gallon, and large commercial $1.36 per gallon. Motion was adopted. Voting was unanimous.

James R. Webb and Bill Spaulding reported on the recent Swift Creek Board Meeting and also
on the damages to the penstock because of very large falling rock. Bill Spaulding discussed the
recent plant shutdown on the Lower Project due to a problem with the hydronic motor.

Bill Spaulding reviewed the proposed 2013 System Maintenance Plan.

Bill Spaulding reviewed the outage and safety reports for January 2013.

James R. Webb reported on the 2012 System Goal Summary.

A motion was made and seconded to approve the 2012 System Goal 401k company contributions
in the amount of 5.79% plus a 2% company match beginning April 1, 2013. Motion was
adopted. Voting was unanimous.

Nancy Winters reviewed the recent ICUA meeting discussions.

Linda Schmidt reviewed the WREA dues and reported on the legislative conference.

The Board reviewed the NRU, NRU River Partners, NESC and WANGU dues.

The Board approved the consent agenda items as presented.

Meeting adjourned to Board only executive session at 2:30 p.m.

Meeting reconvened at 4:00 p.m.
A motion was made and seconded to contribute $50,000 toward the $200,000 matching funds that JHESP needs for the $1 million USDA REDL&G zero interest loan if JHESP commits $250,000 of their total available loan funds (state and federal) toward fuel switching from electric to natural gas; alternatively, Lower Valley would contribute $100,000 toward the matching funds if $500,000 of the JHESP loan proceeds are committed to fuel switching. The request to increase LVE's portion of the JHESP annual dues by $10,000 will be subject to a cash match by all involved parties. Motion was adopted. Voting was unanimous.

A motion was made and seconded to adopt the amendment and restatement of the Lower Valley Energy, Inc. 401(k) Profit Sharing Plan. Motion was adopted. Voting was unanimous.

A motion was made and seconded to approve the early patronage capital retirement request for Wyoming Home and Ranch in the amount of $261.35. Motion was adopted. Voting was unanimous.

A motion was made and seconded to approve the early patronage capital retirement request for HRB Service in the amount of $384.09. Motion was adopted. Voting was unanimous.

Meeting adjourned at 4:10 p.m.

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Rod R. Jensen, Chairman                  Linda Schmidt, Secretary/Treasurer