A General Session of the Board of Directors was held on April 26, 2018, at the Lower Valley Energy Jackson office. The meeting was called to order at 9:00 a.m. by Board Chairman, Fred Brog.

BOARD MEMBERS PRESENT: Scott Anderson; Fred Brog; Dan Dockstader; Ted Ladd; Dean S. Lewis; Linda Schmidt via video conference; and Nancy Winters.

OTHERS PRESENT: James R. Webb, President/CEO; Steve Duerr, Attorney; Rick Knori, Director of Engineering; Angela Jennings, Staff Assistant; Martell Brower, Director of Gas Operations; Bill Spaulding, Director of Electric Operations; Jon Hougland, CFO; Brian Tanabe, Communications Manager; Gay Petersen, Executive Assistant/HR; Lynn Lanier from GDS Associates; employees, Julia Shumway, Tammy Spracklen, Brad Schroeder, Rita Holmes, Amy Walton, and Anna Helm, Celeste Schwendiman and Pontip Kruse from BPA, David DeCoria, Auditor from DeCoria, Maichel and Teague.

Minutes of the February 22, 2018, general session were accepted as presented.

James R. Webb introduced Celeste Schwendiman and Pontip Kruse from BPA.

Celeste Schwendiman addressed the Board regarding the possible implementation of a CRAC rate this fall. This rate increase could be necessary due to a shortfall in secondary revenues and lower than expected rate period high water mark sales. Celeste also reviewed the spill mandates as part of the fish mitigation and BPA’s plans for grid modernization.

Dave DeCoria with DeCoria, Michael, and Teague, Lower Valley Energy’s Auditors, reported on the recent 2017 Lower Valley Energy financial audit. Dave reported that Lower Valley Energy received a favorable audit. He also discussed independency issues and trends with the Board.

Lynn Lanier from GDS Associates, Inc. presented the Cost of Service Analysis (COSA). He discussed the study’s objectives which were; determine overall revenue requirements, evaluate the appropriateness of cost sharing between the electric and gas systems, perform allocated cost studies to determine revenue/margin adequacy for each rate class, examine rate structures and consider strategic objectives.

Dan Dockstader was excused from the meeting at 11:20 a.m.

After board discussion, James R. Webb proposed implementing Option C as presented by the GDS study which is to increase the C-3 rate with the exception of not adding a customer charge, and pass on a small rate decrease to the C-2 class. Overall revenue requirements would be neutral. The rate changes would be effective on July 1, 2018.

A motion was made and seconded to adopt Option C of the COSA with flexibility to negotiate between demand and facility charge for Simplot. Motion carried. Voting was unanimous.

Lynn Lanier resumed the discussion of the COSA for natural gas.

James R. Webb recommended to the Board to make no changes at this time in the natural gas rates.

A motion as made and seconded not to make any changes to gas rates at this time. Motion carried. Voting was unanimous.

Lynn Lanier resumed the discussion of the COSA for natural gas.

James R. Webb recommended to the Board to make no changes at this time in the natural gas rates.

A motion was made and seconded not to make any changes to gas rates at this time. Motion carried. Voting was unanimous.

James R. Webb discussed the President/CEO report.

A motion was made and seconded to implement the proposed surcharge of approximately 1% to Teton Village members as planned begin in July. Motion carried. Voting was unanimous.

James R. Webb reviewed the comments and first draft notes from Steve Kettler, CFC, for the proposed strategic plan. He asked for Board feedback before developing the final strategic plan.
Jon Hougland and James R. Webb presented the March 2018 Financial Statements. The causes of lower electric and gas margins were discussed.

James R. Webb reviewed the natural gas balancing account. Jim proposed a rate decrease of 2.58% residential, 2.95% small commercial, and 3.11% interruptible all to be effective July 1, 2018 and to consider another rate decrease on September 1, 2018.

A motion was made and seconded to approve the proposed natural gas rate decrease of 2.58% residential, 2.95% small commercial, and 3.11% interruptible effective July 1, 2018. Motion carried. Voting was unanimous.

James R. Webb presented the 2017 annual contractor expenses summary.

James R. Webb discussed the proposed changes to the new Board Policy #201 - Qualifications and Functions of the Board of Directors and the new Board Policy #202 - Board of Directors Delegation of Authority To, and Its Relationship With, The President/CEO.

A motion was made and seconded to approve the new Board Policy # 201 – Qualifications and Functions of the Board of Directors as amended. Motion carried. Voting was unanimous.

A motion was made and seconded to approve the new Board Policy # 202 – Board of Directors Delegation of Authority To, and Its Relationship With, The President/CEO. Motion carried. Voting was unanimous.

A motion was made and seconded to delete old Board Policies #101, #104, #201, #202, #203 and #204.

Board discussion was held on the bona fide resident qualifications as stated in Board Policy #201 – Qualifications and Function of the Board of Directors. Meeting the requirement of 180 days of residency as outlined in the Wyoming Game and Fish requirements will be used as our benchmark.

James R. Webb discussed the proposed changes to the Lower Valley Safety Manual.

A motion was made and seconded to approve the proposed changes to the Lower Valley Energy Safety Manual. Motion carried. Voting was unanimous.

James R. Webb reviewed the proposed 2018 Annual Meeting Schedule.

Bill Spaulding reviewed the Outage and Safety Report.

A motion made and seconded to approve the safety meeting minutes of February 13, 14, March 12, 13, and April 3, 4, 2018.

Nancy Winters reviewed ICUA issues.

Fred Brog reported on WREA decisions and the evaluation of the WREA General Manager.

Scott Anderson reviewed the recent NRECA Washington D.C. Legislative Rally.

James R. Webb presented the proposed budget adjustment for the Wildlife Museum and Fish Hatchery in the amount of $285,000.

A motion was made and seconded to approve the proposed budget adjustment for the Wildlife Museum and Fish Hatchery in the amount of $285,000. Motion carried. Voting was unanimous.

James R. Webb discussed the Greater Yellowstone Coalition proposal for a couple of loaner electric vehicles. LVE will donate the electricity for the charging stations.

A motion was made and second to approve James R. Webb as Lower Valley Energy’s NCSC voting delegate. Motion carried. Voting was unanimous.
James R. Webb reported that NISC has the final programming finished to allow Lower Valley Energy to apply discounted patronage to members’ final bills which may be the first in the country but a trend that may be followed.

Meeting adjourned to Executive Session at 3:10 p.m.

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Fred Brog, Chairman     Dan Dockstader, Secretary/Treasurer