A General Session of the Board of Directors was held on August 26, 2013, at the Lower Valley Energy Afton 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 Operations; Martell Brower, Director of Gas Operations; Wade Hirschi, CFO; Angela Jennings, Staff Assistant; Brian Tanabe, Communications Manager; Gay Petersen, Executive Assistant/HR.

Minutes of the June 27, 2013, general session were accepted as presented.

The Board reviewed the annual conflict of interest disclosures, Board Policy 209 - Ethics, Board Policy 509 - Sexual Harassment, and the Safety Manual Drug Policy.

James R. Webb reviewed the President/CEO report.

Discussion was held on the impacts to Lower Valley Energy's members regarding the upcoming BPA wholesale power rate increase and increased Tier 2 costs.

A motion was made and seconded to approve a three percent retail electrical rate increase effective October 1, 2013, for all Lower Valley Energy members. Motion was adopted. Voting was unanimous.

A motion was made and seconded to approve increasing the facility charge from $15.00 to $16.00 for all applicable rate structures which is included in the 3% increase. Motion was adopted. Those voting aye were Cook, Ladd and Winters. Those voting nay were Brog, Lewis and Schmidt. Jensen broke the tie voting aye.

Attorney, Steve Duerr, conducted the annual Board officer elections.

Nominations were made nominating Rod R. Jensen as Board Chairman, Linda Schmidt as Board Vice Chairman and Nancy Winters as Board Secretary/Treasurer.

A motion was made and seconded to accept the nominations of officers with Rod R. Jensen as Lower Valley Energy Board Chairman, Linda Schmidt as Board Vice President, and Nancy Winters as Board Secretary/Treasurer. Motion was adopted. Voting was unanimous.

A motion was made and seconded to elect Rod R. Jensen as Lower Valley Energy Board Chairman, Linda Schmidt as Lower Valley Energy Board Vice President, and Nancy Winters as Lower Valley Energy Board Secretary/Treasurer. Motion was adopted. Voting was unanimous.

James R. Webb led the discussion regarding rates for net metering accounts and rates for Grand Teton National Park to align more closely with the cost of doing business.

A motion was made and seconded to raise the avoided cost rate to 4.5 cents/kwh for net metering members. Motion was adopted. Voting was unanimous.

A motion was made and seconded to do a new Cost of Service Analysis with Grand Teton National Park as a separate rate class and to hire EES to help with the project. Motion was adopted. Voting was unanimous.

James R. Webb reviewed the progress on the natural gas pipeline to Teton Village and the costs to date.
James R. Webb continued the President/CEO report.

James R. Webb reviewed the Power Requirements Study.

James R. Webb discussed the progress and terms of the Jackson electric and natural gas franchise agreements.

A motion was made and seconded to approve the Jackson electric and natural gas franchise agreements as presented. Motion was adopted.

James R. Webb presented Lower Valley’s prepaid meter program.

A motion was made and seconded to approve the proposed prepaid meter program with the caveat of letting Fall River file first with the Wyoming Public Service Commission. Motion was adopted. Voting was unanimous.

James R. Webb reviewed the 2013 July financial statements.

A motion was made and seconded to approve the 2013 July financial statements. Motion was adopted. Voting was unanimous.

James R. Webb discussed the natural gas and propane balancing accounts. He recommended leaving the natural gas rates as they are and increasing the propane rates by 15%.

A motion was made and seconded to increase Lower Valley’s propane rates by an average of 15% effective September 1, 2013. Motion was adopted. Voting was unanimous.

Fred Brog, because of his CFC Director position, was excused from the meeting during the discussion of CFC financing.

A motion was made and seconded to borrow $4 million from CFC for the gas compressors at the Rim Station and for the Teton Village Pipeline. Motion was adopted. Voting was unanimous.

James R. Webb led the discussion regarding establishing a Co-Bank line of credit. It was the Board’s consensus to not consider a Co-Bank line of credit until additional credit is needed.

Fred Brog rejoined the meeting.

Warren Jones reviewed the 2013 Electric Feeder Loading Study.

James R. Webb reviewed the proposed changes to Board Policy 202 - Functions of the Board of Directors/401 Membership Agreements.

A motion was made and seconded to approve the proposed changes to Board Policy 202 – Functions of the Board of Directors/401 Membership Agreements. Motion was adopted. Voting was unanimous.

James R. Webb reviewed the proposed changes to Board Policy 405 – Rights-of-Way.

A motion was made and seconded to approve the proposed changes to Board Policy 405 – Rights-of-Way as amended. Motion was adopted. Voting was unanimous.

James R. Webb reviewed the proposed changes to Board Policy 605- Working Hours-Hourly Rate Employees.

A motion was made and seconded to approve the proposed changes to Board Policy 605 – Working Hours – Hourly Rate Employees. Motion was adopted. Voting was unanimous.
James R. Webb reviewed the proposed new Board Policy 412 – Large Single New Load.

A motion was made and seconded to accept the new Board Policy 412 – Large Single New Load as amended. Motion was adopted. Voting was unanimous.

James R. Webb reviewed the proposed new Board Policy 413 – Smart Meter Opt Out.

A motion was made and seconded to accept the new Board Policy 413 – Smart Meter Opt Out as amended. Motion was adopted. Voting was unanimous.

Steve Duerr reviewed the proposed new Board Policy 415 – Member Records Privacy and Surveillance.

A motion was made and seconded to accept Board Policy 415 – Member Records Privacy and Surveillance as presented. Motion was adopted. Voting was unanimous.

Bill Spaulding reviewed the outage and safety reports.

A motion was made and seconded to appoint Linda Schmidt as Lower Valley Energy’s WREA Director. Motion was adopted. Voting was unanimous.

The WREA dues for six months in the amount of $39,884.50 were reviewed.

Linda Schmidt reviewed the recent WREA strategic meeting issues.

James R. Webb reviewed the request from Clean Hydro in the amount of $8,540.00.

A motion was made and seconded to approve the Clean Hydro request for 2014 and 2015 in the amount of $8,540.00 each year. Motion was adopted. Voting was unanimous.

Nancy Winters reviewed the issues discussed at the recent ICUA meeting.

Ted Ladd reported on JHESP activities.

A motion was made to approve the Jackson Hole Air request in the amount of $30,000. Motion died for lack of a second.

A motion was made and seconded to approve the Jackson Hole Air request in the amount of $20,000. Motion was adopted. Those voting nay were Ladd, Brog, and Lewis. Those voting aye were Cook, Winters and Schmidt. Jensen broke tie voting aye.

James R. Webb discussed the need for a board resolution to authorize the methods of PRC’s internal auction.

A motion was made and seconded to approve the PRC resolution. Motion was adopted. Voting was unanimous.

Meeting adjourned to executive session at 3:05 p.m.