A General Session of the Board of Directors was held on October 24, 2014, at the Lower Valley Energy Jackson office. The meeting was called to order at 11:00 a.m. by Board Chairwoman, Linda Schmidt.

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; Angela Jennings, Staff Assistant; Wade Hirschi, CFO; Brian Tanabe, Communications Manager; Gay Petersen, Executive Assistant/HR; and Ben Graham with the Jackson Hole News and Guide.

Minutes of the August 25, 2014, and September 5, 2014, General Session were accepted as amended.

James R. Webb reviewed the President/CEO report regarding the Horse Butte Project. He informed the Board about the incentive being offered by Eagle Mountain for their 5mw share of the project.

A motion was made and seconded to use Steve Fisher, Lands Energy, to perform a study on the feasibility of Lower Valley Energy taking on the Eagle Mountain's Horse Butte allocation.

James R. Webb continued with the President/CEO report.

Bill Spaulding reported on the completion of the Freedom Substation.

Discussion was held regarding the natural gas conversion for Teton Village scheduled for October 29, 2014.

James R. Webb discussed the suggestion and benefits of writing off the accrued CFC patronage capital until it is received in cash.

A motion was made and seconded to approve the proposed write off of the allocated CFC patronage capital in the amount of $986,637.60. Motion carried. Voting was unanimous.

Nancy Winters, Lower Valley Energy Audit Committee Chairman, presented a summary of the Audit Committee Meeting held on September 25, 2014.

A motion was made and seconded that accounts receivable in the amount of $19,588.74 be written off with $2,858.06 in patronage capital credits applied towards the bad debt resulting in a net write off of $16,730.68. Motion carried. Voting was unanimous.

James R. Webb discussed the September 2014 financial statements.

Peter Keenan was introduced to the Board. He is Lower Valley Energy's new Customer Service Engineer.

Wade Hirschi reviewed the Annual KRTA.

James R Webb reviewed the natural gas balancing accounts. No changes were recommended.

James R. Webb reviewed the propane balancing account. He recommended to decrease the propane rate in the amount of 21.16 cents A motion was made and seconded to approve the proposed propane rate decrease in the amount of 21.16 cents effective November 24, 2014. Motion carried. Voting was unanimous.
James R Webb presented the 2014 general retirement of patronage capital in the amount of $2,333,055.78.

A motion was made and seconded to approve the proposed 2014 retirement of patronage capital in the amount of $2,333,055.78, with checks to be written in the amount of $2,068,651.84. Motion carried. Voting was unanimous.

James R Webb presented the gas patronage capital allocation for 2009-2013 in the amount of $4,586,476.87.

A motion was made and seconded to approve the proposed gas allocation of patronage capital in the amount of $4,586,476.87 with the requirement that gas patronage capital retirements will be a combination of both natural gas and propane. Motion carried. Voting was unanimous.

A motion was made and seconded to set a 25% equity limit before gas patronage capital rotation begins using the same rotation policies as outlined for the electrical patronage. Motion carried. Voting was unanimous.

James R Webb reported on the recent Swift Creek Board Meeting.

Bill Spaulding reported on possible causes of reduction of water intake on the Swift Creek generation plants.

James R Webb reviewed the proposed changes to Administrative Procedure #619 – Contract Administration, Board Policy #305 – Purchase of Materials and Equipment and Board Policy #306 – Contracts for Large Construction or Consultants.

A motion was made and seconded to combine Administrative procedure # 619 – Contract Administration into Board Policy # 306 – Contracts for Large Construction or Consultants and to accept the proposed changes to Board Policy #305 – Purchase of Materials and Equipment. Motion carried. Voting was unanimous.

Bill Spaulding discussed the outage and safety report.

Phil Cameron from the Energy Conservation Works (ECW) updated the Board on ECW activities. James R. Webb reported on the progress made with Lincoln County Commissioners to join ECW.

James R. Webb reported on the ICUA inspection of Lower Valley Energy facilities.

Nancy Winters reported on ICUA issues and meetings.

Linda Schmidt reported on the WREA Annual Meeting.

A motion was made and seconded to approve the second half of the WREA 2014 dues in the amount of $40,077.00. Motion carried. Voting was unanimous.

James R. Webb asked for permission to make the final decision on Lower Valley’s employee medical insurance renewal.

A motion was made and seconded to authorize James R. Webb to make the final decision on Lower Valley Energy’s medical insurance renewal. Motion carried. Voting was unanimous.

Dean, Linda and Nancy reported on the NRECA Region IX meeting.
Steve Duerr reviewed the proposed changes to Lower Valley Energy’s Bylaws Article III Section VII.

A motion was made and seconded to approve the proposed changes to Lower Valley Energy’s Bylaws Article III Section VII. Motion carried. Voting was unanimous.

James R. Webb discussed the possibility of participating in the UAMPS small modular nuclear project. It was the consensus of the Board not to join at this time but to watch the project developments.

James R. Webb discussed the BPA decrementation effects on Lower Valley Energy.

Meeting adjourned at 3:00 p.m.

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Linda Schmidt, Chairwoman              Nancy Winters, Secretary/Treasurer