Lower Valley Energy
Board Meeting Minutes
General Session
August 30, 2018

A General Session of the Board of Directors was held on August 30, 2018, at the Lower Valley Energy Afton office. The meeting was called to order by Board Chairman Fred Brog at 9:00 a.m.

BOARD MEMBERS PRESENT: Scott Anderson, Fred Brog, Dan Dockstader, 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; 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; Blake Weathers, NEMS Resource and Planning Director; John Edwards, IT; Craig Coles, Purchasing Agent; Jade Heap, Customer Service Engineer; Marlow Schrebel, Paul Schrebel, Star Valley CNG; and Scott Brandeberry, VP Operations Lancer Group.

Paul Schrebel discussed the difficulties that the CNG station in Afton is having regarding sales and the failure of the compressor. The station is not operable without the purchase of a new compressor. Paul and Marlow Schrebel presented the Board with the financials for the CNG station. Scott Brandeberry, VP of Operations Lancer Group, reviewed his projections on the use of future natural gas vehicles including the Cummins Near Zero Emission Engines that are being produced. He informed the Board that Star Valley is a really good location for a fill station between Salt Lake City and Jackson. Schrebels requested the Lower Valley Energy invest in a new compressor or purchase the CNG station from Schrebels. Discussion was held outlining several options and the need for a CNG station in Afton. The Board will discuss various scenarios later in the meeting.

Blake Weathers, Resources and Planning Director from NEMS, gave a presentation using the NEMS General Resource Investigation Plan. The plan is intended to help Lower Valley Energy determine the best resource mix to serve post 2028 focusing on federal base system availability, BPA rate trajectory, market prices, load growth and specific resource options.

Minutes of the June 28, 2018 and July 30, 2018 general sessions were accepted as presented.

Steve Duerr conducted Board Officer Elections. He asked for nominations.

A motion was made and seconded to approve the existing slate of Board Officers with Fred Brog as Chairman, Nancy Winters, Vice Chairman, and Dan Dockstader as Secretary/Treasurer. Motion carried. Voting was unanimous.

The Board performed the annual review of policies #209 Ethics, #509 Sexual Harassment, and the WY-DOT Drug Policy.

James R. Webb reviewed the proposed new strategic plan incorporated as Board Policy #104.

A motion was made and seconded to approve the proposed Board Policy #104 – Strategic Plan. Motion carried. Voting was unanimous.

James R. Webb reviewed the President/CEO report.

James R. Webb discussed the advantages of adding an additional $12 million uncommitted line of credit with CFC.

A motion was made and seconded to approve management adding an additional $12 million uncommitted line of credit with CFC. Motion carried. Voting was unanimous.
James R. Webb and Jon Hougland reviewed the July 2018 financial statements. Some highlights were the FEMA receivables, deferred debts, contributions-in-aid-of-construction with the surcharge for Teton Village, and expensing the natural gas EIS.

A motion was made and seconded to approve updating the CFC paying agent authorizing CFC as Lower Valley Energy’s paying agent. Motion carried. Voting was unanimous.

James R. Webb discussed the natural gas balancing account. He recommended a rate decrease of 6.00% residential, 6.89% large commercial, and 7.28% summer interruptible all effective September 1, 2018.

A motion was made and seconded to approve a natural gas rate decrease of 6.00% residential, 6.89% large commercial, and 7.28% summer interruptible effective September 1, 2018. Motion carried. Voting was unanimous.

James R. Webb discussed the proposed 2017 patronage capital allocation to members in the amount of $4,307,264.04.

A motion was made and seconded to approve the proposed 2017 patronage capital allocation to members in the amount of $4,307,264.04. Motion carried. Voting was unanimous.

James R. Webb explained the timing of the proposed write-off accounts so that Lower Valley Energy could use any patronage capital to apply to these accounts before being sent to members.

A motion was made and seconded to approve writing off bad debts in the amount of $9,106.65, applying $1,259.69 in patronage capital making the total bad debt write off $7,846.96. Motion carried. Voting was unanimous.

James R. Webb explained that Lower Valley Energy would like to add the option to our 401k Profit Sharing Plan to allow retired employees to set up monthly installment draws along with the lump sum option.

A motion was made and seconded to approve adding the retired employee option for monthly installment withdrawals to Lower Valley Energy’s 401k Profit Sharing Plan. Motion carried. Voting was unanimous.

Discussion was held regarding the advantages and disadvantages of contributing to Jackson Hole Air for the 2018 winter season.

A motion was made and seconded to approve a donation of $25,000 to Jackson Hole Air. Voting was tied. The Board Chairman broke the tie vote with a nay vote. Motion failed.

A motion was made and seconded to approve a donation of $20,000 to Jackson Hole Air. Motion carried. Voting was not unanimous.

Warren Jones reviewed the Lower Valley Energy Electric Distribution Load Study. This study is performed each year to make sure Lower Valley is proactive with system upgrades to meet capacity caused by growth.

Bill Spaulding reviewed the July 2018 Safety and Outage Report.

Nancy Winters informed the Board regarding ICUA issues.

Fred Brog reviewed the recent UAMPS meeting where information was given regarding the proposed nuclear project at the INL Plant in Idaho, electric vehicles, and other topics.

Fred Brog discussed the WREA plans for upcoming meetings.
The WREA and NRECA dues were reviewed.

A motion was made and seconded to appoint Dean S. Lewis as Lower Valley Energy’s CFC voting delegate with Scott Anderson as alternate. Motion carried. Voting was unanimous.

James R. Webb discussed ECW happenings and informed the Board the Scott Anderson is the new chairman of ECW. It was the consensus of the Board the ECW needs to be more aggressive with promoting compressed natural gas (CNG) for vehicles. It was also suggested that ECW could joint market with Afton CNG.

The Afton CNG station request for assistance was discussed. The Board agreed on three items; Lower Valley Energy to sell them LNG at cost for no more than three years, participate 50/50 in purchasing a new compressor with first lien to be held by Lower Valley energy, and explore options of leasing a compressor.

A motion was made and seconded to sell LNG to Star Valley Natural Gas at cost for no more than three years. Motion carried. Voting was unanimous. Dan Dockstader abstained.

A motion was made and seconded to participate 50/50 with Star Valley Natural Gas in the purchase of a new compressor with a first lien held by Lower Valley Energy. Motion carried. Voting was unanimous. Dan Dockstader abstained.

Meeting adjourned at 3:30 p.m.

_______________________________    ________________________
Fred Brog, Chairman                  Dan Dockstader, Secretary/Treasurer