A General Session of the Board of Directors was held on February 23, 2012, at the Lower Valley Energy Jackson office. The meeting was called to order at 9:08 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 via telephone, and Nancy Winters.

OTHERS PRESENT: James R. Webb, President/CEO; Chad V. Jensen, Vice President; Steve Duerr, Attorney; Rick Knori, Director of Engineering; Bill Spaulding, Director of Operations; Brian Tanabe, Communications Manager; Gay Petersen, Executive Assistant/HR; and Larry King, BPA Account Executive.

Minutes of the February 23, 2012, General Session were accepted as amended.

Larry King, BPA Account Executive, discussed the impact of the new BPA billing determinates on various customer classes.

Peter Cook left the meeting at 9:40 a.m.

James R. Webb reviewed his calculations of the effect the BPA billing determinates have had on Lower Valley Energy power bills compared to estimated bills and different ideas and examples for calculating future rates.

The Board reviewed the current director districts and determined to make no changes at this time.

James R. Webb presented the President/CEO report.

Peter Cook rejoined the meeting at 10:50 a.m.

Chad Jensen updated the Board on the Horse Butte Project.

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

Bill Spaulding reported on outages and solutions to date. He also discussed the benefits of the newly formed Lower Valley Outage Reduction Committee Meetings.

A motion was made and seconded to accept the State of Wyoming energy efficient loan in the amount of $900,000. Motion was adopted. Voting was unanimous.

On March 20, 2012, after notification from the State of Wyoming, an electronic vote was held by the Board to approve and accept an increase in the energy efficient loan to $1.1 million. Motion was adopted. Voting was unanimous.

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

James R. Webb discussed the proposed rate decrease for propane based on the balance in the balancing account and projected use.

A motion was made and seconded to authorize management to decrease the small residential propane rate to $2.261 per gallon, large residential propane rate to $2.168, small commercial propane rate to $2.0374 and the large commercial propane rate to $1.9366 effective March 1, 2012. Motion was adopted. Voting was unanimous.
James R. Webb discussed the request from the previous Flagg Ranch owners to cash out their patronage capital due to the sale of their business.

A motion was made and seconded to allow the previous Flagg Ranch owners to cash out their accrued patronage capital. Motion was adopted. Motion was unanimous.

Brian Tanabe reviewed the results of the 2011 Customer Satisfaction Survey.

James R. Webb discussed Lower Valley’s strategies and cost estimates for PRC, decommissioning of the Boardman plant and the status of the Third AC Intertie.

James R. Webb and Rick Knori updated the Board on Lower Valley's Smart Grid Project.

James R. Webb updated the Board regarding Lower Valley’s Swift Creek Hydro Project and the proposed 2012 budget.

James R. Webb reviewed the 2011 401k goal accomplishment.

A motion was made and seconded to approve contributing 7.44 percent of base salary beginning April 1, 2012, to the Lower Valley employees’ 401k accounts for their 2011 goal accomplishment. Motion was adopted. Voting was unanimous.

James R. Webb reviewed the proposed changes to the NRECA defined benefit adoption agreements.

A motion was made and seconded to adopt the resolution authorizing the amendments to the NRECA Retirement Security Plan and authorizing James R. Webb to sign the adoption agreements. Motion was adopted. Voting was unanimous.

Bill Spaulding discussed our plans to enhance our culture of safety at Lower Valley Energy. Bill Spaulding also discussed a recent near miss involving using chains to set poles with a backhoe.

James R. Webb discussed the proposed 2012 maintenance plan.

Rick Knori reviewed the need for a budget adjustment for the Snake River Motor Operators in the amount of $35,698.00.

A motion was made and seconded to approve the proposed budget adjustment in the amount of $35,698.00 for the Snake River Motor Operators. Motion was adopted. Voting was unanimous.

The Board reviewed the WREA dues in the amount of $36,886.00, the NESC dues in the amount of $14,804.00, the NRU dues in the amount of $44,601.00, and the River Partners dues in the amount of $10,043.00.

Fred Brog discussed the issues at the recent ICUA meeting.

Nancy Winters reported on the WREA Legislative Rally.

The consent agenda items were accepted as presented.

Meeting adjourned to executive session at 2:05 p.m.

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