A General Session of the Board of Directors was held on August 26, 2010, at the Lower Valley Energy Afton office. The meeting was called to order at 9:25 a.m. by Board Chairman, Dean S. Lewis.

BOARD MEMBERS PRESENT: Fred Brog, Peter L. Cook, Rod R. Jensen, Dean S. Lewis, Ted Ladd, Linda Schmidt and Nancy Winters.

OTHERS PRESENT: James R. Webb, President/CEO; Steve Duerr, Attorney; Chad V. Jensen, Vice President; Bill Spaulding, Director of Electric Operations; Mike McBride, CFO; Martell Brower, Director of Gas Operations; Rick Knori, Director of Engineering; Brian Tanabe; Marketing Manager; and Gay Petersen, Executive Assistant/HR.

Minutes of the June 24, 2010, General Session were accepted as presented.

The election of Board Officers was conducted by Lower Valley Energy Attorney, Steve Duerr.

A nomination was made to elect Rod R. Jensen as Board Chairman. A nomination was made to elect Peter L. Cook as Board Vice Chairman. A nomination was made to elect Linda Schmidt as Secretary/Treasurer.

A motion was made and seconded to approve the nominated slate of Board Officers. Motion carried. Voting was unanimous.

The Board reviewed Conflict of Interest and statements were taken from all board members.

The Board reviewed Board Policy # 209-Ethics. A motion was made and seconded to approve Board Policy #209-Ethics. Motion carried. Voting was unanimous

The Board reviewed Board Policy # 509-Drug Free Workplace. A motion was made and seconded to approve Board Policy # 509-Drug Free Workplace. Motion carried. Voting was unanimous.

The Board reviewed Board Policy #512-Sexual Harassment. A motion was made and seconded to approve Board Policy #512-Sexual Harassment. Motion carried. Voting was unanimous.

Terry Flores from Northwest RiverPartners updated the Board on the Columbia River Biological Opinion.

Steve Duerr reviewed revisions to the Bylaws, Articles IV-VI. A motion was made and seconded to approve the amended Bylaws, Articles IV-VI. Motion carried. Voting was unanimous.

Steve Duerr discussed the proposed revisions to the Bylaws, Articles VII-XII. Steve Duerr will amend the Bylaws Articles VII-XII as suggested and bring back at the next board meeting for final approval.

Meeting adjourned to Executive Session at 10:55 a.m.

Meeting reconvened at 1:10 p.m.

James R. Webb reviewed the President/CEO report
Bill Spaulding reviewed construction progress of the Swift Creek Culinary Project.

James R. Webb discussed the possible grant opportunities with BPA and Steffes to install six air sources/thermal storage furnaces and Lower Valley Energy's participation with a cost of approximately $30,000.

A motion was made and seconded to approve $30,000 for Lower Valley Energy's participation in thermal storage furnaces program. Motion carried. Voting was unanimous.

James R. Webb discussed the proposed 2009 Patronage Capital Allocation.

A motion was made and seconded to approve the 2009 Patronage Capital Allocation as presented. Motion carried. Voting was unanimous.

James R. Webb reviewed the proposed Swift Creek Culinary Lease.

A motion was made and seconded to approve the proposed Swift Creek Culinary Lease as amended. Motion carried. Voting was unanimous.

James R. Webb discussed the JH Air request for the 2010 ski season.

A motion was made and seconded to approve the JH Air request in the amount of $15,000. Discussion was held. Motion carried. Five Ayes, One Nay.

James R. Webb discussed the July 2010 financial statements.

A motion was made and seconded to approve the 2010 financial statements. Motion carried. Voting was unanimous.

Mike McBride reviewed the Cost of Service Studies for Electric, Natural Gas and Propane.

Fred Brog reported on ICUA issues

Linda Schmidt advised the Board of the recent WREA meeting and the upcoming WREA meeting to be held in Jackson on September 28-30.

The consent agenda items were approved as presented.

Meeting adjourned at 4:00 p.m.

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