A General Session of the Board of Directors was held on October 27, 2011, at the Lower Valley Energy Jackson office. The meeting was called to order at 10:20 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; Chad V. Jensen, Vice President; Steve Duerr, Attorney; Martell Brower, Director of Gas Operations; Wade Hirschi, Compliance Officer; Brian Tanabe, Communications Manager; Anna Helm, Accounting Manager; Tammy Spracklen, Customer Accounts Supervisor; Gay Petersen, Executive Assistant/HR.

Minutes of the August 25, 2011, General Session were accepted as presented.

Fred Brog announced that he was re-elected as a CFC Director for another three-year term.

James R. Webb discussed the President/CEO report regarding power supply issues.

There was no attendance from employees regarding meeting with the Board to discuss the recent retirement issues and changes. The Board reaffirmed that the Board is always open to discussion with employees.

James R. Webb reviewed natural gas vehicle interests in our area.

Martell Brower introduced Gordon Larson from Questar and outlined his natural gas vehicle experience.

Gordon Larson reviewed the transportation opportunities available today for Lower Valley Energy and explained Questar's strategy for promoting natural gas vehicles.

Tammy Spracklen gave a report on Board Policy #416 - Identify Theft violations this year as outlined in the policy.

James R. Webb reviewed the proposed changes to Board Policy #416.

A motion was made and seconded to approve the proposed changes to Board Policy #416. Motion was adopted. Voting was unanimous.

Anna Helm and James R. Webb reviewed the September 2011 financial statements.

Warren Jones reviewed the 2011 Lower Valley Energy Distribution Plan Summary and answered questions from the Board.

James R. Webb continued the President/CEO report.

Martell Brower reported on setting the temporary compressor at the Rim Station and future plans for a permanent compression station.

Discussion was held on Lower Valley's membership in Touchstone Energy and the various programs available.

A motion was made and seconded to approve participating and sending out to our membership the Touchstone Energy Prescription Discount Card. Motion was adopted.

James R. Webb discussed the balancing accounts for both propane and natural gas.

A motion was made and seconded to approve leaving the natural gas rates as they are. Motion was adopted. Voting was unanimous.
James R Webb discussed the propane balancing account and proposed an increase at this time.

A motion was made and seconded to approve increasing Lower Valley Energy’s propane rate by 20.66 cents per gallon as of November 1, 2011. Motion was adopted. Voting was unanimous.

Linda Schmidt reported on the October Audit Committee Meeting.

A motion was made and seconded to approve writing off accounts receivable in the amount of $83,028.62. Motion was adopted. Voting was unanimous.

A motion was made and seconded to apply patronage capital in the amount of $19,238.42 towards the bad debt to be written off. Motion was adopted. Voting was unanimous.

Discussion was held on taking preliminary steps to get involved in the fueling stations for natural gas vehicles. Management will have some preliminary numbers by budget meeting.

James R Webb presented the 2012 vehicle budget.

A motion was made and seconded to approve the 2012 vehicle budget in the amount of $297,450.00 which includes an increase of $5,000 to the suburban. Motion was adopted. Voting was unanimous.

James R. Webb reviewed the 2010 patronage capital allocation and certificates.

A motion was made and seconded to approve the 2010 patronage capital allocation as presented. Motion was adopted. Voting was unanimous.

James R Webb discussed the proposed 2011 patronage capital general retirement.

A motion was made and seconded to approve the proposed 2011 patronage capital general retirement as presented. Motion was adopted. Voting was unanimous.

James R. Webb discussed the recent Swift Creek Committee Meeting.

Management and legal counsel will check into the transfer of the generator warranty from US Motors to Canyon.

Linda Schmidt reported on the WREA Annual Meeting.

A motion was made and seconded to approve Dean S Lewis as an alternative director for WREA. Motion was adopted. Voting was unanimous.

A motion was made and seconded that Fred Brog continue as the ICUA delegate with James R Webb as the alternative.

The consent agenda was approved as presented.

Discussed was held regarding board members attending board meetings via teleconference versus being present. Revisions will need to be included in Board Policy #205, Board Member Meeting and Compensation.

Meeting adjourned at 3:10 p.m.

__________________________
Rod R. Jensen, Chairman

__________________________
Linda Schmidt, Secretary/Treasurer