A General Session of the Board of Directors was held on October 28, 2010, at the Lower Valley Energy Jackson office. The meeting was called to order at 11:00 a.m. by Board Chairman, Rod R. Jensen.

BOARD MEMBERS PRESENT: Fred Brog, 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; Warren Jones, Distribution Engineer; Michael McBride, CFO; Rick Knori, Director of Engineering; Martell Brower, Director of Gas Operations; Bill Spaulding, Director of Electric Operations; Brian Tanabe, Communications Manager; and Anna Jaques, Customer Credit Coordinator.

Minutes of the August 26, 2010, General Session were accepted as amended.

Rod R. Jensen presented a years of service appreciation gift to Board Chairman to Dean S. Lewis.

Dean S. Lewis thanked Lower Valley Energy’s staff and management for their dedication to Lower Valley Energy.

Steve Duerr and James R. Webb presented the final changes to Lower Valley Energy’s bylaws for approval. Steve Duerr will make final recommended changes.

A motion was made and seconded to approve the revised Lower Valley Energy bylaws as amended. Motion carried. Voting was unanimous.

James R. Webb reviewed the President/CEO report.

James R. Webb discussed the overheads charged to the Upper and Lower Swift Creek Project. He asked for Board approval to change the percentages from 25 to 15.

A motion was made and seconded to approve changing the Lower Valley Energy overhead percentages on the Upper and Lower Swift Creek Project from 25% to 15%. Motion carried. Voting was unanimous.

Steve Duerr left the meeting at 12:50 p.m.

Bryan Garrett, Integration Specialist and Brian Tanabe, Communications Manager reviewed Lower Valley Energy’s updated web site.

John Saven, Executive Director of Northwest Energy Supply Cooperative (NESC), and Megan Stratman, Energy Policy Analyst with NESC, reviewed the restated NESC Load Commitment Agreement and the benefits of Lower Valley Energy’s future power supply involvement with NESC.

Peter L. Cook rejoined the meeting at 1:25 p.m.

Shawn Taylor, Executive Director of WREA, presented the high-level objectives and goals of WREA.

Warren Jones reviewed the 2010-2013 Distribution Analysis.

Warren Jones discussed the latest energy conservation monitoring tools available to Lower Valley Energy’s members and the application and selection process for the BPA furnace conservation promotion program.
Michael McBride reviewed the natural gas and propane balancing accounts and the needed change to the natural gas retail rate.

A motion was made and seconded to approve the proposed increase to the natural gas retail rate in the amount of .17 cents per therm. Motion carried. Voting was unanimous.

Linda Schmidt discussed the September 2010 Audit Committee Report.

A motion was made and seconded to approve write offs in the amount of $32,259.11 and apply $13,107.05 in discounted patronage capital for a net write-off in the amount of $19,152.06. Motion carried. Voting was unanimous.

A motion was made and seconded mandating that all Board Members use the same expense report available on the Lower Valley Energy web site. Motion carried. Voting was unanimous.

James R. Webb reviewed the proposals received for Lower Valley’s financial audit. James R. Webb recommended retaining the audit firm of DeCoria, Maichel and Teague.

A motion was made and seconded to retain the audit firm of DeCoria, Maichel and Teague for Lower Valley Energy’s 2010 audit. Motion carried. Voting was unanimous.

James R. Webb reviewed the proposed Star Valley Ranch Franchise Agreement. Discussion was held regarding changes to this agreement and will be reviewed again at the December board meeting.

James R. Webb discussed the PSC outage reporting plan.

James R. Webb reviewed the 2010 September financial statements.

A motion was made and seconded to approve the projected 2010 patronage capital payments in the amount of $1,884,427.82. Motion carried. Voting was unanimous.

James R. Webb discussed the IRS 990 report.

Fred Brog reviewed ICUA events.

James R. Webb updated the Board on PNCG and PRC issues. He also discussed the Boardman potential plant shutdown and updated the Board on the Horse Butte Wind Project with UAMPS.

The consent agenda items were approved as presented.

James R. Webb discussed Lower Valley Energy’s planned withdrawal from NESC and future power supply available options.

A motion was made and seconded to withdraw Lower Valley Energy’s participation from NESC. Motion carried. Cook, Schmidt, Lewis, and Winters aye. Ladd and Brog naye.

Meeting adjourned at 4:25 p.m.

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