A General Session of the Board of Directors was held on October 31, 2019, at the Lower Valley Energy Jackson office. The meeting was called to order by Board Chairman Fred Brog at 9:45 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; Jon Hougland, CFO; Bill Spaulding, Director of Electric Operations; Martell Brower, Director of Gas Operations; Brian Tanabe, Marketing; John Edwards, IT Specialist; Joe Heward, Meterman Supervisor; Warren Jones, Distribution Engineer; Eric Anderson, CFC; Phil Cameron, ECW; Kurt Miller, River Partners; Mary Kate Buckley, JHMR; Kari Cooper, JH Air; and Julia Shumway, Executive Assistant/HR.

Minutes of the August 29, 2019, Lower Valley Energy Board Meeting were accepted as presented.

John Edwards discussed the recent installation of a security system in the Afton office and the need for either a phone app or card to gain entrance in any door other than the front.

Joe Heward discussed net metering and the management of credit balances on member bills.

James R. Webb and Dan Dockstader discussed legislation concerning net metering.

Kurt Miller, River Partners, presented survey results on the perception individuals have of hydro generated power based on their age, education, and gender. He discussed efforts to educate individuals on the importance of Snake River dams and production of hydro power.

James R. Webb discussed the Hooper Springs ribbon cutting that occurred on October twenty-fourth and thanked employees and specifically Rick Knori for their dedication to completing the transmission line project.

Kari Cooper, Jackson Hole Air, described the importance of the Jackson Hole Airport for the local economy and improved quality of life for regional residents. She described procedures for increasing the number of direct-flight destinations available at Jackson Hole Airport that include working with Mary Kate Buckley, CEO of Jackson Hole Mountain Resort, to market in destination cities and maintain three minimum revenue guarantee flights. Kari emphasized that success has only been attainable through donations and encouraged Lower Valley Energy to participate in the Jackson Hole Air Service Program.

Mary Kate Buckley, Jackson Hole Mountain Resort, thanked Lower Valley Energy for our green power partnership with them.

A motion was made and seconded to contribute $30,000 from escheated funds to Jackson Hole Air, the amount required to be a platinum member. Dan discussed the economic connection between Jackson and Star Valley. Motion carried.

Warren Jones discussed the creation of the Lower Valley Energy Capital Improvement Plan which was accomplished by fourteen brainstorming groups made up of Lower Valley Employees. James R. Webb discussed flexibility and budgeting for the plan.

A motion was made and seconded to approve 2019 write-offs in the amount of $15,638.58. Motion carried. Voting was unanimous.

A motion was made and seconded to apply discounted capital credits in the amount of $10,874.43 to the 2019 write-offs. Motion carried. Voting was unanimous.
James R. Webb discussed pros and cons of selecting a new auditor for the 2019 financial audit. A change would result in an increased expense of ten to fifteen thousand dollars but would potentially exhibit good governance and independence. Due to timing, the Board chose to have the 2019 financial audit performed by Dave DeCoria and then will reconsider selection of a new auditor in April 2020.

James R. Webb discussed fraudulent duplication of Lower Valley Energy patronage capital checks that were discovered by First Bank and emphasized the importance of continued efforts to improve fraud detection and cyber security.

James R. Webb announced the completion of the thirty-foot deep underground river crossing by Earth Energy. Due to the success, replacement of adjacent underground wire across the rest of the river to attain deeper depths is being considered for next summer.

James R. Webb defined the purpose of the Swift Creek Hydro Third Addendum as an attempt to fairly share costs and benefits of Swift Creek with the Town of Afton and discussed efforts to encourage the Town of Afton to sign.

James R. Webb reviewed continued discussions with FERC in efforts to maintain the low hazard classification for the lower Swift Creek dam, including additional engineering studies and mitigation measures.

James R. Webb discussed the upcoming process for WECC deregistration, including assessments from applicable entities such as WECC, CAISO, BPA, and PacifiCorp; and Lower Valley Energy’s opportunity to respond to the assessments. James also discussed the vast efforts required and completed by Rick Knori in submitting the application.

James R. Webb announced a target date of November fifteenth for publication of the final Crow Creek pipeline EIS after additional time and money was spent for requested archeological work. Once the EIS is completed and upon Board approval, Lower Valley Energy will begin to acquire necessary easements.

James R. Webb announced completion of the Jackson Hole Airport Pipeline, conversion from propane tanks to natural gas is scheduled to occur the week of November fourth to serve the car rental buildings.

James R. Webb announced commencement of billing BPA for the Hooper Springs Transmission Line for the duration of forty years. Accounting procedures were outlined and discussed.

Jon Houglad discussed the September 2019 financial statements and discussed the accounts used to book the Hooper Springs assets and the BPA lease.

James R. Webb and Jon Houglad discussed the financial forecast, emphasizing that the forecast doesn’t assume a rate increase thus resulting in declining margins due to increasing costs. They also discussed the option of increasing facility charges and implementing them in a tiered program based on usage.

Jon Houglad discussed the 2018 Key Ratio Trend Analysis (KRTA) results, highlighting thirty-six percent equity as a percentage of total capitalization, aggressive patronage returns, the lowest residential rate, good cost containment, and high average employee wages.

Eric Anderson, CFC Regional Vice President, discussed the KRTA survey results, highlighting Lower Valley Energy’s high total kWh sales per consumer with positive growth, high total investment per mile of line, low system interruption duration, and good management of expenses.
James R. Webb reviewed the proposed general patronage capital retirement for 2019 in the amount of $2,954,534 and discussed a continuing decline in patronage returned to inactive customers due to application of patronage to final billing members.

A motion was made and seconded to approve the proposed 2019 general patronage capital retirement in the amount of $2,954,534. Motion carried. Voting was unanimous.

James R. Webb reviewed the September 2019 natural gas balancing account and recommended no change in rates to hedge for winter month rate fluctuation possibilities.

James R. Webb reviewed the September 5, 2019 Swift Creek minutes. Bill Spaulding reported the operation of the system.

The Board discussed the proposed changes to Policy #306, Capital Management.

A motion was made and seconded to approve the proposed changes as amended to Board Policy #306, Capital Management. Motion carried. Voting was unanimous.

Bill Spaulding reviewed the safety report and discussed the ICUA safety inspection, mentioning that all safety hazards found by the inspection have been addressed. He also discussed air-ambulance training received by Lower Valley Energy employees. Bill reported extreme weather conditions including high winds and snow load to be the cause of many of the 2019 outages reported.

Nancy Winters reported on ICUA discussions, including increasing liability due to fire hazards caused by trees.

Steve Duerr discussed a bill passed by congress that defines hazardous trees near power lines and transfers burden to the federal government to be interactive with utilities in removing the hazardous trees.

James R. Webb discussed the nomination of Linda Schmidt for the WREA Craig Thomas Award. The Board approved of the nomination.

Fred Brog announced that the resolution to protect utilities providing mutual aid from bankruptcy was approved by Wyoming utilities and will be on the NRECA agenda.

Scott Anderson defined Energy Conservation Works (ECW) as an organization committed to providing information on energy conservation and green power, emphasizing the goal of providing incentives, not forcing behavior changes through policy.

Meeting adjourned to Executive Session at 3:45 p.m.