

**MINUTES**  
**GENERAL BOARD MEETING, DECEMBER 1, 2022**  
**FERGUS ELECTRIC COOPERATIVE, INC.**

- 1. GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session December 1, 2022, with PRESIDENT PAUL DESCHEEMAER calling the meeting to order at 11:11 a.m. JANINE RIFE DIDIER was scrivener. Board members in attendance were BRAD ARNTZEN, BOB EVANS, TERRY FROST, CATHY KOMBOL, BRETT MAXWELL, and JASON SWANZ. Other attendees included GENERAL MANAGER CARSON SWEENEY, LINE SUPERINTENDENT DALE RIKALA, OFFICE MANAGER SALLY HORACEK and CORPORATE COUNSEL KRIS BIRDWELL. The attendees recited the Pledge of Allegiance.
- 2. APPROVAL OF AGENDA.** After reviewing the meeting agenda, BRETT MAXWELL moved to approve it. BRAD ARNTZEN seconded the motion, which carried unanimously.
- 3. APPROVAL OF MINUTES OF PREVIOUS MEETING.** After reviewing the minutes of the October 27, 2022, general meeting and discussing them, BRETT MAXWELL moved their approval. TERRY FROST seconded the motion, which carried unanimously.
- 4. PUBLIC COMMENT PERIOD.** No one from the public appeared.
- 5. FEDERATED INSURANCE POLICY PROPOSAL ACCEPTED.** OFFICE MANAGER SALLY HORACEK presented the insurance policy and rate information from Federated Rural Electric Insurance Exchange ACCOUNT EXECUTIVE, DAVE REHRER. After a period of discussion, BRETT MAXWELL moved to accept the insurance proposal and approve increasing the Federated Insurance Commercial Umbrella Policy limit to twelve million dollars with a premium increase of three thousand five hundred dollars. Federated informed the co-op that increasing umbrella limits will become much more difficult in the future. BRAD ARNTZEN seconded the motion, which carried unanimously.
- 6. BASIN ELECTRIC LOAD FORECAST 2023.** MANAGER SWEENEY reviewed the Resolution of the Board of Directors of Fergus Electric Cooperative, Inc. to Approve the 2023 Load Forecast prepared by Basin Electric Power Cooperative. After a brief discussion, BOB EVANS moved to approve the resolution. TERRY FROST seconded the motion, which carried unanimously.
- 7. EXECUTIVE SESSION.** At 11:32 a.m., JASON SWANZ moved to go into executive session for the purpose of discussing a personnel issue. BRETT MAXWELL seconded the motion, which carried unanimously.
- 8. REGULAR SESSION CONTINUES.** At 11:50 a.m., JASON SWANZ moved to resume general session. CATHY KOMBOL seconded the motion, which carried unanimously.
- 9. RATIFY DISCUSSION DURING EXECUTIVE SESSION.** BRETT MAXWELL moved to terminate the manager contract currently on file and proceed with GENERAL MANAGER CARSON SWEENEY as a salaried, non-contract employee. BRAD ARNTZEN seconded the motion, which carried unanimously.
- 10. 2023 NISC PLANS AND TRANSMISSION UPDATE.** STAKING ENGINEER MELANIE FORAN, PE gave a comprehensive presentation on the co-op's project schedules and goals, which included the construction of the following future transmission projects: Hilger to Winifred, 2023-2024; Roy to Grass Range, 2026-2027; Hilger to Roy, 2029-2030; and Grass Range to Winnett, 2032-2033. FORAN gave an update on the AMI project, covered short- and long-term pole testing goals, discussed plans to implement barcoding of material, reviewed task management goals, and reported that in the future the co-op will begin testing additional software programs that are available on the Outage Management System (OMS) module, i.e., a live internal and external outage map, which will be useful to the co-op. FORAN welcomed questions from the Board.

**11. 2023 SUBSTATION COORDINATION AND RECLOSERS.** STAKING ENGINEER DAN BALSTER, PE presented the co-op's Six-Year Recloser Replacement Plan stating that there are approximately 476 reclosers on Fergus Electric's system. The co-op will conduct sectionalizing and coordination studies on the substations. The last study was done in 2003. The purpose of the sectionalizing study is to determine areas in which the co-op could add fuses/reclosers to help minimize the number of members out during an outage and to help linemen locate the problem. The coordination study verifies if a substation recloser is operating correctly. BALSTER reported that there are significant lead times for obtaining reclosers ranging from 16 weeks to 29 weeks. Due to excessive lead times, the co-op had 11 regulators rebuilt in 2022 and has budgeted to have 3 more rebuilt in 2023. BALSTER welcomed questions from the Board.

**12. 2023 DISTRIBUTION CONSTRUCTION REVIEW.** STAKING ENGINEER SCOTT OLSON presented the 2022 Line Patrol Summary detailing the work completed by the Lewistown and Roundup line crews as well as the in-progress tickets. OLSON reported that in 2023, Horizon Aerial Inspections patrolled parts of the co-op's system. Linemen who view the drone patrolling videos categorize their findings. A Priority 1 rating is the highest priority and indicates a problem requiring prompt attention. OLSON presented the 2023 Line Patrol report and said that the goal for 2023 is to patrol 978 miles of line compared to 847 miles of line patrolled in 2022. OLSON continued his presentation showing the areas scheduled to have underground cable replaced in 2023. OLSON stated that in 2023 the co-op will be changing out approximately 80 poles in the Lewistown area and 160 poles in the Roundup/Musselshell area. OLSON welcomed questions from the Board. The Board thanked the engineers for their fine presentations.

**13. COST OF SERVICE STUDY/RATE DESIGN – RUSS SCHNEIDER, EES CONSULTING, GDS ASSOCIATES.** MANAGER CARSON SWEENEY introduced RUSS SCHNEIDER to the Board. SCHNEIDER gave a good presentation. He described how the rate design process is completed, starting with the general ledger trial balance. The objective is to determine if revenues from current rates meet costs and budget. SCHNEIDER welcomed questions from the Board and provided his contact information. The Board thanked MR. SCHNEIDER.

**14. ROUNDUP BUILDING UPDATE.** MANAGER CARSON SWEENEY and LINE SUPERINTENDENT DALE RIKALA reported on the current plans for the Roundup building and provided the architect's plans. RIKALA reported that the shop size is reduced, the roof pitch lowered, and the eve deleted to bring the cost to the approved 1.8 million dollars. RIKALA said he is pleased with the progress.

**15. KRITA FINANCIAL RATIO REVIEW.** MANAGER CARSON SWEENEY reviewed slides he had prepared, which were very informative.

**16. 2023 CAPITAL BUDGET REVIEW.** MANAGER CARSON SWEENEY reviewed the capital budget items listed/planned for 2023.

**17. 2023 EXPENSE BUDGET REVIEW.** MANAGER CARSON SWEENEY gave a brief overview of the proposed expense budget for 2023.

**18. FINANCIAL AND OTHER MONTHLY REPORTS.** Financial and other monthly reports were presented to the Board for discussion. OFFICE MANAGER SALLY HORACEK reviewed the October 31, 2022, Form 7 operating report. PAYROLL ADMINISTRATOR JANINE RIFE DIDIER reviewed the October 31, 2022, ratios report. HORACEK noted that the Auditors were at the co-op November 29<sup>th</sup> and 30<sup>th</sup> to audit the financials from January 2022 through October 2022. They will return January 16, 2023, to audit the financials for the remainder of 2022.

**19. OPERATIONS AND SAFETY REPORT.** LINE SUPERINTENDENT RIKALA reported that the Safety Meeting for December is scheduled for the 20<sup>th</sup>. MECA SAFETY INSTRUCTOR SHAWN HALVERSON will present an oral lesson on Winter Driving, Chainsaw Safety and Voltage Regulator Safety. RIKALA reported that the 2022 Physical Count of Inventory Material was accepted on November 15<sup>th</sup>. Areas that need improvement include charging material to the proper code and accounting for wire on the end of reels that is recycled.

RIKALA reported that the operations and engineering staff is working with Anixter and NISC to get barcoding implemented early next year. RIKALA reported that he was informed that November 21<sup>st</sup> was the last day to order a 2023 XL or XLT Ford F-350, so he placed the order for a new service truck for FOREMAN LOUIE HOULD. Hereafter, the trucks will be 2024 models. RIKALA reported that Rocky Mountain Contractors hope to finish changing out 82 poles in the areas southeast of Musselshell by year's end. RIKALA reported that on December 17<sup>th</sup>, APPRENTICE LINEMEN DANYON RICE and COLLIN SULLIVAN will both take their journeyman lineman test. ROW GROUNDMAN JAKE deROSIER will work with Roundup LINEMAN ANDREW REUTERSKIOLD cutting trees in the Roundup area for a while.

**20. INVENTORY OF WORK ORDERS.** MANAGER SWEENEY noted that staff asked AUDITOR CORY WHEELER if the Board should approve or affirm the monthly work order close-out report, since the co-op is no longer an RUS borrower. WHEELER recommended that the Board review and affirm Inventory of Work Orders reports. After reviewing Inventory of Work Orders No. 609-609X for \$24,059.21, dated October 31, 2022, TERRY FROST moved to affirm them. BRAD ARNTZEN seconded the motion, which carried unanimously.

**21. POWER OUTAGE REPORT.** LINE SUPERINTENDENT DALE RIKALA reviewed the October 2022 Outage Report prepared by STAKING ENGINEER MELANIE FORAN, PE.

**22. BOARD POLICY 241 – IDENTITY THEFT PREVENTION PROGRAM.** The Board reviewed Board Policy 241. BRAD ARNTZEN moved to approve the policy with the recommended amendments. TERRY FROST seconded the motion, which carried unanimously.

**23. BOARD POLICY 242 – WHISTLEBLOWER COMPLAINT PROCEDURE.** The Board reviewed Board Policy 242. No changes were recommended.

**24. REPORT OF CORPORATE COUNSEL.** CORPORATE COUNSEL KRIS BIRDWELL reported he had worked on various items of importance for the co-op. BIRDWELL reported that he met with STAKING ENGINEER MELANIE FORAN, PE concerning an ongoing engineering-related matter.

**25. MANAGER'S REPORT.** GENERAL MANAGER CARSON SWEENEY reported that on November 16<sup>th</sup>, he, LINE SUPERINTENDENT DALE RIKALA, and STAKING ENGINEER DAN BALSTER, PE met with Signal Peak CEO PARKER PHIPPS and members of his staff at their headquarters office. The meeting was productive. SWEENEY thanked the Board for the opportunity to attend the CFC Independent Borrowers Executive Summit in California. CFC hosted an excellent conference. SWEENEY noted that he attended three financial training sessions and became certified in KRTA Level 2, Equity Management 1 and 2. SWEENEY reported that he and OFFICE MANAGER SALLY HORACEK continue to meet with NISC staff to improve the format on a new billing statement. The new format will display key AMI meter data. SWEENEY said that they are also working to improve how information is communicated on the billing statements for Net Meter Banking, Estimated Reads, Cash Only Accounts, Past Due Accounts, MR Billing, etc. The co-op hopes to go live March/April of 2023. MANAGER SWEENEY reported that he and the leadership team had conducted several employee annual reviews and are on track to meet with each employee by the end of the year.

**26. BASIN ANNUAL MEETING.** PRESIDENT PAUL DESCHEEMAER, CATHY KOMBOL, JASON SWANZ and MANAGER CARSON SWEENEY reported on the meeting they attended on November 9<sup>th</sup>.

**27. MECA WINTER BOARD MEETING, GREAT FALLS, MONTANA.** MANAGER CARSON SWEENEY reported on the meeting he attended November 29<sup>th</sup> and 30<sup>th</sup>. SWEENEY said the MECA Board did a good job. MECA CEO GARY WIENS has chosen not to retire at this time due to the state of the economy.

**28. BOARD RESOURCE COMMITTEE UPDATE.** MANAGER CARSON SWEENEY reported on the meeting he attended, December 1<sup>st</sup>.

**29. DELINQUENT ACCOUNTS/NEW MEMBERS LIST.** The Board reviewed the delinquent accounts showing those that were paid in full and those that were still owing.

**30. ESTATE CAPITAL CREDITS.** The Board reviewed the list of estate capital credits for November 2022 totaling \$14,905.08, which were prepared by ERIKA MATTALIANO. BRAD ARNTZEN moved to affirm the retirements and BRETT MAXWELL seconded the motion, which carried unanimously.

**31. OTHER BUSINESS.**

**32. FUTURE MEETINGS.**

- a. Mid-West Consumers Association Annual Meeting, December 6-8
- b. Safety Meeting, December 20, January 19, (Wellness Clinic, a.m.)
- c. FEC Board Committee Meeting, December 28, 9:00 a.m.
- d. FEC Board Meetings, December 28 (10:00 a.m.), January 31, and March 2
- e. NRECA Annual Meeting, Nashville, March 3-8

**33. NEWS FROM THE DISTRICTS.**

**34. ADJOURNMENT.** PRESIDENT PAUL DESCHEEMAERKER adjourned the meeting at 5:25 p.m.

SECRETARY



ATTEST: PRESIDENT

