Risk Management Meeting  
August 14, 2018 Noon  

Solar Project -- The committee agreed to start with a report from Manager Kevin Owens on progress with the Shares du Soleil project. The goal for the project remains to install 48 panels with 27 members currently signed up to finance the output of one panel. The project is scalable and the manager is confident that members will contract for certificates representing credit for the output of the 48 anticipated panels for the initial phase. The BEC headquarters location is estimated to be able to support 108 panels.

Owens announced that he recently learned that a Red Lodge city sewer line runs through the initially specified project location. The planned location for the project on the south side of the parking lot likely will be changed. Engineering specifications will be reviewed for a relocation on the BEC site.

Finance Report -- Julie Lindgren convened the scheduled finance committee review of the second quarter financial reports. Brad Prophet presented the full Q2 report in preparation for August 28 board meeting and responded to attendees’ questions and comments. Owens highlighted the increased labor costs for removing idle services which are a risk for the co-op both in potential safety hazards and safety concerns and costs for service if required. The committee noted a $1.654 million increase in cash with cash and investments showing $2.3787 at the end of the quarter. Frank Willett proposed reminding the board that the cash balance is largely the result of a change in plan to borrow the entire amount for the two-year meter project expense in 2018 instead of following the original plan to borrow half of the total in 2018 and the second half in 2019. Willett noted that the cash reflects cash in the bank to cover 2019 commitments for meter costs and the plan, posted on the website, needs to be updated to reflect the actual borrowing this year to finance the two-year commitment. Currently the plan does not match the current reports. The loan to finance the entire project was taken this year in anticipation of rising interest rates.
Arleen Boyd moved, Julie Lindgren seconded and the committee approved a recommendation for the board to accept the Q2 financial report presented by Prophet for evaluation and discussion by the committee. Lindgren voiced appreciation for the clear and comprehensive Q2 financials presented.

**Rate Design** -- The committee and attendees examined an outline of *Steps and Deliverables for Examination of Rate Design/Structure* based on the spreadsheet listing of tasks required for evaluation of rate design at BEC prepared by Kevin Owens, Bill Pascoe and Arleen Boyd in the first quarter of 2018. There was extensive discussion of the objectives, materials needed for examination and starting dates to perform necessary tasks. The outline document follows this report showing the path forward with detail for education, evaluations, timeframes, steps and dependencies for the noted steps. The initial spreadsheet includes steps, not reflected in *Steps and Deliverables for Examination of Rate Design/Structure*, that will be taken if rate design change is recommended by the board.

All present agreed that the examination of rate design/structure is designed to look at possible options including the possibility of maintaining the current structure and continuing to update it. The objective for all options, including the current structure, is to meet revenue requirements through fair rates for all classes of members. **The committee supports the board's transparency and recommends involving members at all points in the rate design evaluation as it goes forward, including notifying members and encouraging their attendance at meetings and presentations by industry consultants and other experts.**

**NRECA Class Report** — Arleen Boyd’s report on the NRECA class, *Strategic Technologies and Their Impact on the Cooperative*, is attached. The committee briefly discussed the broad range of developing technologies affecting the electric power industry and their potential impact for small cooperatives. Many technologies are becoming affordable and manageable for rural co-ops and benefits previously considered too expensive or too time consuming to implement may be within reach.
**Conservation and Energy Efficiency** – A scheduled brainstorming discussion of opportunities for implementing measures to help members implement energy efficiency measures will be held at the next risk management meeting. Time was too short to address the issues as planned. Equity strategies also are planned for discussion.

**Wallis Consulting** --- The committee chair prepared an outline of anticipated activities for Terilynn Wallis Consulting to address with the committee. Manager Owens has incorporated them into a proposal for Wallis, which he expects to discuss with her before the board meeting.

Arleen Boyd, Risk Management Chair
Julie Lindgren, Finance Committee Co-Chair