

**WHETSTONE VALLEY ELECTRIC COOPERATIVE, INC.**  
**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS**  
**Thursday, December 19, 2024**

The regular meeting of the Board of Directors of Whetstone Valley Electric Cooperative, Inc. was held on Thursday, December, 19, 2024 commencing at 7:58 AM at the Whetstone Valley Electric Headquarters.

The meeting was called to order by President, Joel Adler who presided and Secretary, Matt Cameron, acted as Secretary.

**Directors Present:** Joel Adler, Matt Cameron, Scott Niedert, Krista Atyeo-Gortmaker, Bill Tostenson, Tom Berens, Paul Nelson, Dave Behrns, Wayne Jarman,

**Directors Absent:**

**Staff Present:** Page, Weber, Christensen, Anderson

**Others Present:** Shaurice Moorman, PSE (virtually) Rates presentation.

**Review and Consideration of Agenda**

- A motion to approve the agenda was seconded and carried.

**Review and Consideration of Minutes**

- A motion to approve the minutes of the regular meeting of November 21, 2024 was seconded and carried.

**Review and Consideration of estate and special capital credit retirements:**

- A motion to approve the estate and special capital credit retirements was seconded and carried.

**General Reports**

The Board reviewed and discussed general reports including the Loss Control Report, Check Listing, Credit Card statement, Cash Flow, Cybersecurity Summary and Capitalized Construction Work Orders.

**Management Reports**

**Operations Manager,** Jon Christensen submitted a written and oral report. Jon discussed activities of the operations dept. Jon talked about the load management project and load controller changeouts. Jon touched on the capital items he has ordered for 2025. Jon covered the upcoming Safety Team meeting and what will be covered in that meeting. A few other topics covered was the change in FR clothing vendor, RUS job code changes, and Federated procedure documents being created. Jon also discussed the inventory of capitalized work report from the board packet.

**Member Services Manager, Mark Weber** submitted a written report of current activities and financials of the service and contracting department. He supported a member with the installation of a solar array generator with battery backup. Mark advised several members on options for electric heat with load control and processed eight rebates for other members. He also engaged with several members about the electric water heater incentive programs.

Mark also reported on a number of generator, HVAC and electrical wiring jobs that are in progress or pending.

**Office Manager, Bridget Anderson** submitted a written report of the office services activities and financials. Her report included the \$142k in water heater credits that were given back to the members in November which reduced revenue. Bridget discussed the YTD revenue and expenses and their impact on our current margins. She also provided information that is available to all members on smart hub regarding their usage.

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**General Manager Report**

**General Manager, Page** submitted a written report and provided an overview of energy sales, financial performance, and rate options.

Page reported that Year-to-Date energy sales remain within 1% of budget and operating revenue is consistent with budget projections. He reported that power costs exceed the budget by 2% due to a higher than anticipated cost of Demand and that non-power operating expenses are 10% below budget.

Page reported that East River's Board of Directors approved the pass-through of Basin Electric's recent retirement of capital credits to member systems. He also discussed financial updates of East River and Basin Electric.

Page provide an overview of rate options designed to meet the approved 2025 operating revenue objectives.

**2025 Rate Options Presentation, Shaurice Moorman, Power System Engineering**

- Ms. Moorman delivered a comprehensive presentation to the Board, detailing proposed rate options based on the findings of the recent cost-of-service (COS) study. She began by outlining the overall revenue requirements and providing a detailed analysis of the cost of service for each class of consumer. In her discussion, Ms. Moorman highlighted key financial metrics, including margin objectives, comparing the Operating TIER with Rate of Return. She also provided an overview of the cost of debt, cost of equity, and weighted cost of capital of the cooperative. Ms. Moorman shared an analysis of the calculated cost recovery percentages for each consumer class and addressed any disparities. Three rate options were presented for the Board's consideration. Option 1 aligns rate increases proportionally with COS findings. Option 2 applies a minimum increase across all classes, retaining low-level, cross-class subsidization. Option 3 resembles Option 1 but shifts more costs to non-coincidental demand charges, offset by a lower energy rate.
- Following a thorough discussion and review of available rate options, a motion was made and seconded to approve Rate Option #2. The motion included a commitment to engage in future discussions regarding facility and demand charges, as well as the potential consolidation of member classes. The motion was approved.

**East River** Behrns reported on East River financials and discussed cost recovery options for exceptionally large loads. He also reported on WAPA's increased rates and reduced drought adder.

**SDREA** Tostenson reported on SDREA's strategic planning process and requirements of the SDREA general manager. He also discussed the upcoming annual meeting.

**Committee Reports:** Building committee chair, Niedert reported that not all bids for the pole yard have been received and he will meet with a third contractor.

**Action Items and Other Business:**

- No action was taken on the 2025 Headquarters Capital Budget.
- Office Manager Anderson presented the 2025 operating budget, including a comparison of the 2025 budget with the 2024 budget, 2024 annualized values, and 2023 actual figures. She reviewed the cost allocation methodology used to develop the 2025 budget and provided an overview of historical operating and non-operating margins, as well as revenue requirements.

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- After a thorough review, there was a motion and second to approve the 2025 operating budget as presented. The motion passed.
  
- Delegates for the NRECA Annual Meeting will be determined at a future meeting.
  
- A motion to table the Governance Talk discussion point was seconded and carried.
  
- The Board reviewed the upcoming association events.

**Executive Session:**

At 12:55 PM a motion to enter executive session was seconded and carried.

At 1:09 PM a motion to exit executive session was seconded and carried.

**Resolution for Next Regular Board Meeting:**

- The next regular board meeting was set for Thursday, January 23, 2025 at 8:00 AM at the Cooperative Headquarters .

**Adjournment:**

- A motion to adjourn was made, seconded and carried.

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President

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Secretary