

**BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION**  
**BOARD OF DIRECTORS**  
**MEETING MINUTES**  
Tuesday, January 18, 2005

CALL TO ORDER

The regular meeting was held at the cooperative office, 90680 Hwy 99, Eugene, Oregon. A quorum was declared present and Chairman Tom Irwin III called the meeting to order at 4 p.m. Director Ernie Jacksch was unable to attend. The following Board members were present:

Thomas C. Irwin III	-- Chairman
Audrey Rust	-- Vice-Chairman
Mike Tayloe	-- Secretary/Treasurer
Robert Sikes	-- Director

Others attending the Board meeting:

Bud Tracy	-- General Manager
Mary Locke	-- Manager of Office Services
Bill Gabriel	-- Manager of Operations
Joe McFadden	-- Manager of Member Services
Jami Bartunek	-- Manager of Finance/Controller
Mary Cirks	-- Administrative Assistant
Robert Greening	-- Attorney
Judy Templeton	-- Guest
Cliff Kelley	-- Guest
Sandy Flicker	-- Guest from ORECA
Joe Nadal	-- Guest from PNGC
Jerry Leone	-- Guest from Public Power Council

AGENDA

(Motion) Director Rust made a motion seconded by Director Tayloe to accept the agenda as presented. Motion carried 4-0.

CONSENT AGENDA

(Motion) Chairman Irwin asked if there were any items that needed to be addressed within the consent agenda. Director Rust inquired about Work Order #1238, more specifically check #1164 written to Country Vision. Manager of Operations Services Bill Gabriel reported that it was a case where Blachly-Lane needed to terminate an existing agreement allowing Country Vision to continue occupying space on a pole. In order that Blachly-Lane pursue construction activities in that space, Country Vision needed to bury their existing equipment. The labor and materials for Country Vision to facilitate these alterations came to \$1,500. The board recognized the good work performed to reduce the phone bill, discussed the system vegetation inspection regarding the mandatory PUC requirements and the new web

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site and what it is offering. Director Rust made a motion to approve the consent agenda. Director Sikes seconded it. Motion carried 4-0.

PANEL DISCUSSION: Sandy Flicker of ORECA, Joe Nadal from PNGC, and Jerry Leone of the Public Power Council (PPC) were present to inform the BLEC Board of their individual roles and how they are of benefit to BLEC. The PPC handles mostly regional and federal issues, and have lobbyists in Washington DC. ORECA is made up of only electric cooperatives and works closely with PNGC and the PPC under a Memorandum of Understanding; has federal lobbying done through NRECA and PNGC, and is somewhat involved with fish and wildlife issues. They offer programs such as the Power of Community, Political Action Committee program, and Grassroots program. Joe Nadal informed the board that Public Northwest Utilities Conference Committee (PNUCC) is the umbrella for all the power in the NW and they focus on the power issues and fish and wildlife areas. The panel and board discussed many issues. Some of them were: power supply/surplus/deficiency, Grid West/transmission issues, open access, and the importance of being proactive in securing reliable power when BPA feels they don't have capacity. The Board thanked the panelists for a very educational discussion.

#### EXECUTIVE SESSION

Executive Session was held with no action taken.

#### FINANCIALS

(Motion) Manager of Finance/Controller Jami Bartunek reported that total equity is at 42% of total assets; total YTD assets are \$16,490,032; total YTD expenses are \$3,667,592; total YTD operating margins are at \$550,084; and 3,471 services were billed in the month of December. Discussion was held on general work in progress, that the debt is reduced and cash is up, the major expense differences between Year-to-Date Actual and Year-to-Date Budget, approximately one half of the December past due billing was a bill that was paid late, and disconnects for non-pay were down due to the holidays and cold spell. Weather has made a difference on the sales report in that customers are using more electricity than last year. The industrial sales remain steady. Manager Tracy reviewed the Energy Northwest net billing agreement, the "Trojan" concept that is included in our power costs and how long it will last. Audrey Rust made a motion to approve the financials as presented. Director Tayloe seconded it. Motion carried 4-0.

#### (Motion) SAFETY MINUTES

Discussion was held on the November 22, 2004 safety minutes that were presented to the board. Manager of Operations Services Bill Gabriel reviewed the accidents and near misses as stated in the safety minutes. The board reviewed the discussion points in the safety program. Director Rust made a motion to accept the November safety minutes as presented. Motion carried 4-0.

#### ORECA REPORT

BLEC participants attending the ORECA 2005 Legislative Dinner on Wednesday, Feb 16, 2005 and the Day Briefing Session breakfast at 7 a.m. on Thursday, February 17, 2005 will be Director Rust, Chairman Irwin, and Manager Tracy. ORECA has made arrangements for this breakfast meeting to be held in Salem at the State Capitol.

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## PNGC REPORT

Manager Tracy distributed handouts of the minutes of the recent PNGC board meeting. Discussion was held on the disparity of cost and time accounting and how it would spread costs to all customers. There is a future transmission issues workshop in Portland March 7 – 8 in Portland. Both Manager Tracy and Chairman Irwin will attend. There will be a NWPPA west coast electric transmission forum held in the future.

## STRATEGIC PLANNING:

It was decided that a planning session would be held sometime in April. The Board and staff will be attending the PNGC SEP meeting in Eugene on January 25 at 2 p.m.

## OLD BUSINESS

Annual Meeting: A new BLEC annual meeting date has been set for April 30 at the Elmira High School. We will try to have Ted Ferrioli be our guest speaker. Manager of Office Services Mary Locke stated the military service request has gone out in the billing. It was suggested that Manager of Member Services Joe McFadden contact the recruiting office for a list of names.

(Consensus) Bylaws: Manager Tracy presented the latest set of bylaws to the Board as prepared by the Bylaw Committee. Lengthy discussion was held on new construction easements, how the Bylaw Committee feels the current policy language could be changed some day by management and the importance of protecting our members by language in the bylaws. Article I, Section 1 regarding right-of-way easement and compensation was discussed at length with the consensus of the Board to have Attorney Greening reword the Bylaw Committee's recommendations. Article III, Section 7 is to have the word "independent" be added as a requirement of the auditor. The Board extensively discussed Article III, Section 8 with concerns regarding law and regulation, and as a result of that discussion, Attorney Greening suggested the Board decide what the Audit Committee's responsibilities are. The Board recognized that accountability and transparency is the desire of the Bylaw Committee, the Board, Legal Council, and Staff. The Board stated that they would be choosing an auditor after the Audit Committee has reviewed the client and their performance. Discussion was held on whom the authority is if nothing is being done on a financial issue brought to the Board and how that issue is to be resolved. Financial issues of concern are to be expressed to the Audit Committee who is the advisory committee to the Board, and the Audit Committee will take the issues to the Board of Directors. After a lengthy discussion, the consensus of the Board of Directors was to remove the Sarbanes-Oxley reference from the Bylaws and replace it with language which Attorney Greening will develop to expand the scope of the Audit Committee's responsibilities. The Bylaw Committee recommended "by a majority of the voting members at the meeting" be placed at the end of the paragraph in Article XVI. Attorney Greening reminded the Board of Directors that the voting requirement in another Article states the voting requirements therefore this language need not be placed in Article XVI. The consensus of the Board of Directors was to have it removed. After discussion and consensus of the Board of Directors, Attorney Greening is to prepare an explanation separate from the bylaws, and at the annual meeting voting will be for the entire document instead of individually.

(Consensus) Articles of Incorporation: The Bylaw Committee presented the *Articles of Incorporation* to the Board. Attorney Greening stated the word "rural" was put into the document to maintain a RUS status, the Board of Directors agreed with the Bylaw Committee to remove "people in

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rural areas” and insert “its members”; the word “utility” does not need to be in Article II Section 3 because all cooperatives follow the same statute in Oregon law, consensus of the Board of Directors was to leave out the word “utility”; the Bylaw Committee recommended Article IV have “current and former” removed from it and the Board of Directors agreed.

(Consensus) Irrigation Rate: Manager Tracy reviewed and defined the irrigation rate class, the changes in rates, and the changes in the meter reading schedules. Discussion was held on the philosophy of billing irrigations and what the credit requirements needed for the members would be. Manager Tracy reported information would be developed this coming year that will provide a database for the upcoming years in an effort to comply with current BLEC bylaws. Consensus of the Board of Directors is to start billing the irrigation monthly with an off peak/on peak billing period.

### NEW BUSINESS

NRECA/CFC Voting Delegate Certification: Chairman Irwin appointed himself to be the voting delegate with Director Sikes as alternate.

NRTC Voting Delegate Certification: Chairman Irwin appointed Director Sikes to be the voting delegate with himself as alternate.

(Motion) RS&I Adoption Agreement/Resolution 2005-01: Manager of Office Services Mary Locke reviewed the RS&I Adoption Agreement with the Board. After discussion, the Board instructed Ms. Locke to verify from NRECA Years of Eligibility and Vesting Service’s selection. Director Sikes made a motion authorizing Chairman Irwin to sign the Adoption Agreement and Resolution 2005-01. Director Rust seconded it. Motion carried 4-0.

(Motion) MEMBER COMMENTS: Cliff Kelley was present and expressed his concern regarding the lack of customer service received from our after hour dispatch company. He expressed the need to provide our members with a way to report an outage and not be “lost in the system” by not speaking to a human voice. He commended our crews for the great work they do but our members are not getting the service they need to report an outage.

Mr. Kelley also requested that the Board have their own tab on BLEC’s web site where the agendas and minutes could be placed. Director Tayloe made a motion to post the approved board meeting minutes on BLEC’s web site. Director Rust seconded it. Motion carried 4-0.

The Board thanked Mr. Kelley for his presence and will continue to review the dispatch situation.

Several directors have had requests to allow credit cards be used to pay member’s electric bills. Management is looking at this possibility.

### DIRECTOR ASSESSMENTS:

Comments: The panel discussion dialogue was very well received. Chairman Irwin and Manager Tracy will be attending the West Coast Electric Transmission issues in Portland on March 7 – 8, 2005 at the Sheraton Portland Airport Hotel.

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Expenses: Board expense records were turned in for approval.

Schedule of Events: The calendar is to be moved in the front of the board packet for easier reference for the Board of Directors.

RECESS: The BLEC Board of Directors recessed at 11:35 p.m. to attend the BLSI board meeting.

RECONVENE: The BLEC Board of Directors meeting was reconvened at 11:39 p.m.

ADJOURNMENT

With there being no further business to come before the Board, Chairman Irwin adjourned the meeting at 11:50 p.m.

(SEAL)

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Michael E. Tayloe  
Board Secretary