

**BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION  
BOARD OF DIRECTORS  
MEETING MINUTES  
Monday April 25, 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 adjourned the March 28, 2005 meeting then called the meeting to order at 4:10 p.m. The following Board members were present:

Thomas C. Irwin III	-- Chairman
Audrey Rust	-- Vice-Chairman
Mike Tayloe	-- Secretary/Treasurer
Ernie Jacksch	-- Director
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
Mary Cirks	-- Administrative Assistant
Robert Greening	-- Attorney
Dan Kessler	-- CFC Representative

**AGENDA**

(Motion) Director Tayloe made a motion to accept the agenda as presented. Director Jacksch seconded it. Motion carried 5-0.

**CONSENT AGENDA:**

(Motion) Discussion was held on some consent agenda items. Director Rust made a motion to accept all of the items listed on the consent agenda with the exception of the monthly reports. Director Jacksch seconded it. Motion carried 5-0.

Manager of Operations Services Bill Gabriel reported BPA is taking the Junction City substation down for repair to switches. During that time 1,100 customers will be out of service, but since we've finished providing an alternate route, BLEC will switch all customers from Erb and High Pass substations to Alderwood Substation, thus allowing BLEC consumers to remain on line during BPA's procedures. Maintenance to Erb and High Pass will be done during BPA's down time. This will be a controlled outage and BLEC personnel are applauded for their good job in planning during this outage. Mr. Gabriel reported that he recently received a letter from the Oregon Department on Consumer and Business Services that BLEC has, for the 5<sup>th</sup> year, received the SHARP recognition award. This award

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demonstrates BLEC employee's commitment to safety. In-house vegetation management inspections have been completed. There were 38 service orders generated by customers who see a need to have vegetation management performed which was verified, along with other services, by True Care's report. Gabriel demonstrated to the Board the areas that have been completed year to date. Our system is in compliance with the PUC. Adherence to the True Care report is being done for budgeting and planning purposes. Records of spraying and use of non-restrictive chemicals are being done.

Manager of Office Services Mary Locke had no additional comments.

Manager of Member Services Joe McFadden reported an electronic newsletter is now on the BLEC website. In order for members to continue their subscription, they need to subscribe to it regularly to keep it active. McFadden reported there are about 300 BLEC members currently using Internet. Discussion was held on the impact the bill stuffers regarding fish issues have had to our consumers.

Manager of Finance Jami Bartunek informed the Board that all of her discussion would be under old business.

General Manager report: Manager Tracy reported Attorney Greening has been investigating the case between Lane County and a BLEC consumer. Attorney Greening informed the board a filing would be performed by the deadline.

(Motion) MetLife document: Manager Tracy informed the Board of Directors that the facts have been presented regarding this topic and it is up to the Board to make a decision as to payment. After discussion, Director Tayloe made a motion to authorize the General Manager to liquidate the stock and pass it on as committed in Resolution 89-08. Director Rust seconded it. Motion carried 5-0.

(Motion) CFC Integrity Fund: Director Rust made a motion to donate 5% of the CFC allocations back to CFC, not to exceed \$600 to assist cooperatives in legal matters. Director Sikes seconded it. Motion carried 5-0.

(Motion) Director Rust made a motion to accept the consent agenda. Director Tayloe seconded it. Motion carried 5-0.

(Motion) FINANCIALS:  
Manager of Finance Jami Bartunek reported graphs have been prepared for the annual meeting on key trend analysis figures; most all expenses are under budget; transportation costs are continuing to decline; monthly budget checking is being done by BLEC employees; transmission and distribution plant is under budget because the jobs planned for this year will be pushed forward; cost of power indicates there have been more losses than anticipated and less usage; and that cash has increased due to timely payments of receivables. Manager of Operations Services Bill Gabriel informed the Board the importance of real time reading and showed the real time reading loss study that has been performed. Ms. Bartunek reported PNGC is charging a higher rate than last year. Discussion was held on various rate designs, load use, cost of power, costs of running constantly out of Alderwood vs Junction City substation, and analyzing our system to perform more effectively; and the BPA cost as to what the cost of the substation is vs

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delivery point charges. Director Tayloe made a motion to approve the financials. Director Rust seconded it. Motion carried 5-0.

(Motion) SAFETY MINUTES:

The Board expressed great pleasure that BLEC has received the Sharp award this past year. They also discussed the near miss regarding the limb that fell into the line and were pleased that there was no injury involved. Director Sikes made a motion to accept the March safety minutes. Director Jacksch seconded it. Motion carried 5-0.

ORECA REPORT

Chairman Irwin reported to the Board the happenings at the ORECA meeting regarding legislative issues, which consisted of Central Electric introduced Bill #413; joint use issues; NRECA Legislative Rally; being proactive on the Central vs Qwest topic; and the importance of keeping legislators informed as to the co-op's interests.

PNGC REPORT

Director Sikes reported on the PNGC board meeting he attended and how valuable it was to learn about current issues. The Transmission Issues Group and Grid West issues were discussed and it appears they are more balanced now than before. Discussion was held on a ruling that is expected later regarding the true-up; the loss carried forward at PNGC by leveling rates; and if PNGC should base their rates on a COSA.

STRATEGIC PLANNING

Manager Tracy will complete a draft summary of the April 23<sup>rd</sup> Strategic Planning as soon as possible.

OLD BUSINESS

Annual Meeting: Manager Tracy reported all invites have been sent to various people requesting their presence at our 68<sup>th</sup> annual meeting. Discussion was held on having a grand prize door prize in addition to BLEC's \$300 billing credit door prize. Manager Tracy reported many vendor prizes have been received. Michael Sulis from PNGC plans to attend and video tape the annual meeting. Manager of Member Services Joe McFadden passed around diagrams of the Elmira High School and explained how the meeting will proceed.

(Motion) Policies: The board reviewed Operating Policies OP-2; OP-5; OS-3; and OS-5 as presented by Staff. After discussion, Director Rust made a motion to accept Operating Policies OP-2; OP-5; OS-3; and OS-5. Director Sikes seconded it. Motion carried 5-0.

Remodeling project: Manager of Operations Services Bill Gabriel is to establish a meeting with the building committee and Architect Gerald McDonnell.

(Motion) Allocation of capital credits: The Board reviewed the losses carried forward, leave the 1989-2001 allocation as were allocated, start with 2002 and 2003 and carry the new decisions forward from that time and offset 2004 positive margins as well as the unbilled revenue adjustment and miscellaneous non-operating items that have not previously been allocated. Discussion was held on operating and non-operating losses and how they are handled for allocating purposes, accounting for losses on a rate class basis, fundamental issues, definition of applying allocations to rate classes, and how BLEC books non-operating margins. Director Tayloe made a motion to allocate non-operating and operating margins to

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members without assigning specific amounts to all classes. This died for lack of a second. Director Rust made a motion to accept information prepared by Staff and allocate by spreading to the different rate classes for each year's allocations. Director Sikes seconded. Motion carried 4-1 with Director Tayloe casting the dissenting vote. Director Tayloe made a motion to have everyone at the annual meeting be explained how that is going to be established. The motion died for lack of a second. Notation was made that from now on all rate classes will stand on their own.

Policy referencing former members (F-8): This policy was discussed and questions arose on the final paragraph. It was decided to wait until we have a comprehensive capital policy in place to finish this policy. Carry over from March and April. This policy will be done after a comprehensive capital credits policy is considered.

(Motion) Operation Round-Up: Manager of Office Services Mary Locke explained that Operations Round-Up is when a member's bill is rounded up to the next dollar, the money goes into a trust so contributions can be given to people that are in need of food, clothing etc. The money will not be used to pay other member's electricity bills. Locke explained there would be a separate board that would be established to handle the established trust. Licensing, bylaws, etc would be provided by Palmetto and would be given to Palmetto, working with NISC to establish the software. BLEC members would be notified of this program through the billing process and Ruralite ads. Director Sikes made a motion to allow Staff to move forward with the Operations Round-Up program. Director Jacksch seconded it. Motion carried 4-1 with Director Tayloe casting the opposing vote.

#### NEW BUSINESS

(Motion) CFC Certification: Manager Tracy submitted the CFC Certification for approval. The Board reviewed, discussed, and approved the certification.

CFC Presentation by Dan Kessler: Mr. Kessler, who has replaced Mr. John Rogers, reviewed the Pacific NW Generation Co-op with the board and staff. He sees PNGC growing under current circumstances, sees allocations going back to patrons and not members, as well as distribution issues. Director Tayloe inquired of Mr. Kessler regarding the debt that was re-written this year and if it will be used later, which it will. Kessler reported current guarantees look good and reported it remains unknown if FASBE will be trued up at the time of refinancing. Kessler reported BLEC's Financial Forecasts are adequate and version three is very exciting. A question and answer period was held.

Joint Use Agreements: Mr. Gabriel reported joint use agreements remain on hold until Qwest vs Central legal issues are settled.

MEMBER COMMENTS: A BLEC member has reported to a board member that the BLEC park needs to be improved. Discussion was held on safety issues at the park and that the grange master needs to be notified.

DIRECTOR ASSESSMENTS: Expenses and the schedule of events were reviewed. Overall, the board was pleased with the meeting and made major steps in finalizing several outstanding issues. Director Rust will be attending the PNGC meeting in May with Manager Tracy. No director will be attending the PNGC meeting in June.

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RECESS TO BLSI: The board recessed for the BLSI meeting at 9:15 p.m.

RECONVENE OF MEETING: The meeting was reconvened at 9:30 p.m.

(Motion) EXECUTIVE SESSION: Executive Session was held. After executive session, Director Tayloe made a motion to cease consideration of all actions pursuing any action against Ken Kuhn. Director Jacksch seconded it. Motion carried 5-0.

RECESS:

Chairman Irwin recessed the BLEC meeting at 10:15 p.m.

(Motion) RECONVENE:

Chairman Irwin reconvened the April 23, 2005 BLEC meeting at 5:05 p.m. on April 30, 2005. All directors were present except Director Rust who was detained due to an auto accident. Director Sikes made a motion to approve the list of members as presented on the accept and cancel listing as of April 30, 2005 as presented by Manager Tracy. Director Jacksch seconded it. Motion carried 4-0.

ADJOURNMENT:

With no further discussion, Chairman Irwin adjourned the meeting at 5:20 p.m.

(SEAL)

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Michael E. Tayloe  
Board Secretary