

**BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION  
BOARD OF DIRECTORS  
MEETING MINUTES**

Monday September 26, 2005

CALL TO ORDER

The regular meeting was held at the cooperative office, 90680 Hwy 99, Eugene, Oregon. A quorum was declared present and Chairperson Tom Irwin III called the meeting to order at 5:00 p.m.

INTRODUCTION OF GUESTS: The following Board members were present:

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

Others attending the Board meeting:

Bud Tracy	-- General Manager
Joe McFadden	-- Manager of Member Services
Mary Locke	-- Manager of Office Services
Jami Bartunek	-- Manager of Finance
Bill Gabriel	-- Manager of Operations
Mary Cirks	-- Administrative Assistant
Chip Greening	-- Attorney
Todd Payne	-- Large Power Representative

(Motion) AGENDA

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

(Motion) CONSENT AGENDA:

Items pulled from the consent agenda were minutes, disbursements, work orders, and staff monthly reports. Regarding the Reach Program being offered for BLEC members, it was explained that dollars go to weatherization, education, and some dollars being applied to the consumer's bill. Staff answered questions asked regarding some disbursements; the amount of work orders completed was mostly due to an inspection; and there are 22 fewer memberships since last year at this time. Manager of Operations Services Bill Gabriel reported the outage requested by BPA was successful down time for BLEC crews to do some maintenance. Discussion was held on diagnostic testing, risk factors, pole testing, and maintenance to OCR's and regulators. Manager of Office Services Mary Locke reported the credit card project should be in use by the end of October. Large Power Representative Todd Payne reported Seneca's Stud Mill would have down time on Friday for about nine days to install equipment. Director Rust made a motion to accept the consent agenda. Director Tayloe seconded it. Motion carried 5-0.

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(Motion) FINANCIALS:

Manager of Finance Jami Bartunek reviewed the CFC Key Ratio Trend Analysis. Discussion was held on the inventory level showing a \$10,000 purchase of bypass switches in August that has been charged out in September. Without this, our inventory level would be in line with that of August 2004. Manager of Office Services Mary Locke updated the board on the aged accounts receivable. Director Tayloe made a motion to accept the financials. Director Rust seconded it. Motion carried 5-0.

(Motion) GENERAL MANAGER'S REPORT:

Manager Tracy reported patronage capital has been allocated from CFC in the amount of \$38,112 in which BLEC will receive \$30,540. Bodeika Joseph has withdrawn from the CFC race leaving Gale Rettkowski and Mike Tayloe running for the position. Chairman Irwin reported the NRECA election is targeted for Saturday October 15. Director Tayloe mailed the board's voting ballot last week. Manager Tracy led a discussion of four major exposures of BLEC, namely environmental, accidental, operational, and contractual. PCB testing has been done to transformers. PCB records indicate purchase date, and oil sample findings with the CFC line of credit as the contingency. Manager Tracy reported the PUC has been working on safety rules and that it appears the PUC could be placing new rules into affect that would allow policing. Oregon Representative Alan Brown has written a letter in support of the cooperatives regarding this topic. Lengthy discussion was held on when and how we should bill people for usage during a meter failure. The co-op member has responsibility to pay for the usage but it is a question as to how the cooperative determines when the error occurred. Manager Tracy reported concern on the TIG methods in that it forces BPA to build transmission, and then the ratepayer pays for someone else's benefit. Director Sikes made a motion to accept the General Manager report. Director Rust seconded it. Motion carried 5-0.

(Motion) SAFETY MINUTES: Manager of Operations Services Bill Gabriel reported that the recognition program, as referred to in the August Safety Committee meeting minutes, is done by the foremen who have the ability to recognize one of their people for safety actions. The Safety Committee is working on the safety accident report, allowing the report to be more detailed. Supervisors review any accident prior to the report being sent to the Safety Committee for review. The Board questioned the five-month waiting period for deck paint. The Board expressed their appreciation for the completeness and thoroughness of the reports presented. Director Sikes made a motion to accept the safety minutes as presented. Director Jacksch seconded it. Motion carried 5-0.

ORECA REPORT: Chairman Irwin reported he attended the ORECA board meeting last Thursday. Some of the discussion items were: a *Theft Class* will be on the ORECA program, a bookkeeping error has been found in the amount of \$40,000 leading to the selection of a new auditor, the election process for this year's annual meeting has some flaws to it and ORECA staff will be working to correct them.

PNGC REPORT: Attendees to the *New Directors Workshop* sponsored by PNGC reported it was very good but misrepresented because all directors could have benefited from the event. Attendees to the SEP meeting felt more time was needed to exchange information. Discussion was held on why the Regional Power Council is hosting a forum on the same days PNGC has their annual meeting. Discussion was held on future growth, the way purchase of power should be bought; BPA/PNGC's rates and what would be best for BLEC.

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Manager Tracy reported *Standards & Poors* pocket rating to BLEC is a Triple B. The PNGC board addressed a rate adjustment in October.

OLD BUSINESS: Office Remodel: Management reported this project is progressing in a positive manner. As summarized in the Offices Services report, BLEC is reestablishing what capital credit forfeitures are. Staff reported \$6,500 has been re-issued to unclaimed capital credits.

(Motion): NEW BUSINESS: Director Rust nominated Bud Tracy as the CFC Voting Delegate. Director Jacksch seconded it. Motion carried 5-0.

Large Power Representative Todd Payne reported Seneca ~~is working on~~ "has considered" a co-generation or biomass project. Economics will be the final decision in building a facility as desired by Seneca. Discussion was held on how BLEC would obtain electricity from the co-generation plant to establish a more reliable energy service entity.

BPA reported substations Alderwood and Walton are for sale to BLEC for \$750,000. The BLEC board will not pay the price they are requesting. Capital and risk needs to be taken into consideration.

Manager Tracy explained that by leaving rates as they currently are, not borrowing any money, and making more changes to the budget could leave BLEC with more cash in the 2006 budget. A budget workshop will be scheduled during October.

The Aware Committee met this past month and is concerned about Idle Services and Irrigators. Discussion was held on if BLEC can do anything to form a community water supply.

MEMBER COMMENTS: There were none.

DIRECTOR ASSESSMENTS: Comments: There were no comments.

Expenses: Directors turned in their expense reports.

Meeting Attendance: The entire board will plan to attend the ORECA annual meeting in Tigard on December 6 – 8, 2005. The entire board will be attending the PRC and PNGC meetings October 3 – 5, 2005.

EXECUTIVE SESSION: Executive session was held with no action taken.

ADJOURNMENT:

With no further discussion, Chairman Irwin adjourned the meeting at 10:45 p.m.

(SEAL)

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Michael E. Tayloe  
Secretary