

BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION
BOARD OF DIRECTORS
MEETING MINUTES
Monday, January 23, 2006

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 5:15 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/Controller
Mary Cirks	-- Administrative Assistant
Robert Greening	-- Attorney
Todd Payne	-- Large Power Representative
Joe Nadal	-- Guest from PNGC
John Prescott	-- Guest from PNGC

AGENDA

(Motion) Director Sikes requested credit cards be added to New Business. Director Rust made a motion to accept the agenda with the addition. Director Tayloe seconded it. Motion carried 5-0.

CONSENT AGENDA

(Motion) Requests for discussion pulled from the consent agenda were disbursements, work orders, and monthly reports. Discussion was held on the railroad-crossing permit for Highway 99 and a variance being requested by the BLEC to solve a casing problem. Inquiry was made as to the meaning behind the numbering system to the work orders. As a matter of economics, the new ATV has the potential of being sold and BLEC would keep the old one. The capital credit project continues to move ahead and the 2003/2004 allocations of capital credits should be in the mail by Friday. Discussion was held on the active services number being different from the metered services number in that some members have more than one meter. Identification of idle services will be continued once the capital credit issue is completed. After BPA has finished the C&RD Program, the BLEC efficiency program for

2006 can be completed. Director Rust made a motion to accept the consent agenda. Director Jacksch seconded it. Motion carried 5-0.

FINANCIALS

(Motion) Manager of Finance/Controller Jami Bartunek reported December 2005's total equity is at 45% of total assets; total YTD assets are \$16,517,543; total YTD expenses are \$3,802,283; total YTD operating margins are at \$683,539; and 3,464 services were billed in the month of December. Manager of Operations Services Bill Gabriel reviewed with the board a detailed look at both the year to dated transmission and distribution and general plant comparing budget to actual. Gabriel explained that Parker Substation should be completed around the first quarter of 2007. Parker sub is being "beefed up" so a complete loop for load transfers is attainable, thus increasing BLEC's reliability to our members. Ms. Bartunek reviewed the statement of operations, reporting write-offs are down but 2004 was a high year. Manager Tracy expressed concern regarding Grid West in that BPA is leaving PNGC out of the picture. The statute for BLEC to be involved in the Conservation Program was reviewed and noted that renewable resources are in BLEC's portfolio. The net result of the theft in July is over \$20,000. Audrey Rust made a motion to accept the financials as presented. Director Tayloe seconded it. Motion carried 5-0.

(Motion) SAFETY MINUTES

The board reviewed the December Safety Committee meeting minutes and the November/December safety meeting minutes.

ORECA REPORT

The ORECA board packet was provided for the BLEC board's review. ORECA Board Representative Tom Irwin reported there were two major items discussed at the recent board meeting, the first safety, and the second accounting. The ORECA board approved involvement, on an administrative trial basis, for safety accreditation. Representative Irwin reported ORECA has discovered a \$40,000 error and that the ORECA board discussed hiring a different auditor for next year. Midstate Electric has a resolution to go before NRECA that supports hydro as a renewable resource.

Manager Tracy will be attending the NRECA Legislative Conference in Washington DC April 30 – May 4th.

ORECA is attempting to obtain national credits for on-going education via a resolution at the NRECA annual meeting.

PNGC REPORT

Seneca Meeting: Large Power Representative Todd Payne reported he and Rick Re met with PNGC representatives Joe Nadal and John Prescott to discuss a potential generation project. Representative Payne reported Seneca is starting the analysis and fact finding process. PNGC is willing to work with Seneca on their project. Discussion was held that BLEC could assist in the project by assisting in understanding of the Energy Policy Act of 2005, tax credits, bonds, sales contracts, and transmission.

Special reports: PNGC representative Joe Nadal informed the board of PNGC's stand on Grid West and the convergence project, water spillage being the same or less than last

year, a strategic planning session scheduled in June, and the SEP sessions sometime in the late fall. PNGC representative John Prescott addressed snow pack, run off forecast, and IRP renewable portfolios. He informed the board that Midstate Electric is attempting to get hydro as a renewable resource. Further discussion followed on PPC involvement, rate structure, increase in assessments, and equity plan.

OLD BUSINESS

BLEC Annual Meeting: Manager Tracy presented the draft agenda for the BLEC annual meeting of May 13, 2006. Discussion was held on the bylaw's stipulation of having an audit report at the annual meeting. It was noted that both the Audit Report and the Audit Committee report validate each other. It was mentioned that a trio from Triangle Lake area, Nancy Blackshear, Pam Hites, and Annie Thiessen, could sing the national anthem.

(Motion) Manager Tracy presented the district apportionment chart to the board. Representation is within 19% to 21% of the members per board representative. Director Tayloe made a motion with Director Sikes seconding it to keep the districts as they are. Motion carried 5-0.

Info-Risk Security and Disaster Recovery: Manager Tracy presented a draft of Policy 601, *Computer and Internet Use* and a draft of Policy 602, *Acceptable Use - - IT Systems* to the board for discussion. Discussion was held on the security that is in place.

(Motion) Rates: Manager Tracy reviewed 2 scenarios where load factors are less and 50% with respect to irrigation accounts. Discussion was held that irrigation accounts could be converted to Small Commercial with demand or without demand. Director Tayloe made a motion to eliminate the Irrigation Rate and change the Residential Rate to Residential and General Service Rate. Director Rust seconded it. Motion carried 5-0. After further discussion, Director Tayloe amended his motion to include notifying all applicable parties for adequate and timely notification for the effective date of May 1, 2006. Director Rust seconded the amendment. Motion carried 5-0.

NEW BUSINESS

(Motion) Director Rust made a motion that Director Tayloe be the voting delegate for the NRECA, CFC, NRTC, NCSC, and Federated annual meetings that are coming up. Director Sikes seconded it. Motion carried 5-0.

Discussion was held on if our meter reader does not have access to a meter, do we have a policy that states the consumer pays dollars for the extra costs associated. No action was taken.

Credit Cards: Discussion was held on an example of a rebate being issued via a credit card and if that could possibly be a new way to refund capital credits.

MEMBER COMMENTS: There were none.

DIRECTOR ASSESSMENTS:

Comments: Good meeting.

Expenses: Board expense records were turned in for approval.

Schedule of Events: Director Tayloe will be attending the 2006 NRECA annual meeting in Orlando if his schedule permits. Director Rust and Director Jacksch will be attending the 2006 Directors' Conference in San Diego CA March 25 – 29.

EXECUTIVE SESSION

Executive Session was held with no action taken.

ADJOURNMENT

With there being no further business to come before the Board, Chairman Irwin adjourned the meeting at 11:45 p.m.

(SEAL)

Michael E. Tayloe
Board Secretary