

**BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION  
BOARD OF DIRECTORS  
MEETING MINUTES  
Monday, May 22, 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 5:13 p.m. The following Board members were present:

Thomas C. Irwin III	-- Director
Audrey Rust	-- Director
Mike Tayloe	-- Director
Ernie Jacksch	-- Director
Robert Sikes	-- Director

Others attending the Board meeting:

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

(Motion) ELECTION OF OFFICERS

Director Jacksch made a motion to maintain director's responsibilities and offices the same as last year. Director Sikes seconded it. Motion carried 4-1 with Director Tayloe casting the nay vote.

AGENDA

(Motion) It was requested to add ORECA meeting to 7d. Director Rust made a motion to accept the agenda with the alteration. Director Tayloe seconded it. Motion carried 5-0.

CONSENT AGENDA

(Motion) Items pulled from the consent agenda were: Minutes, disbursements, and monthly reports. Director Rust noted the mistake on page 2 of the April minutes which indicated "Manager Jacksch made a motion" and it should have read "Director Jacksch made a motion". The clerical error was corrected. Discussion was held on check number 5813, and 5841 with explanations on both given. Also discussed was on the costs or savings to the company when contractors come in and perform a job. Director Sikes made a motion to accept the consent agenda. Director Jacksch seconded it. Motion carried 5-0.

(Motion) FINANCIALS: Manager of Finance/Controller Jami Bartunek informed the board she is working with PNGC on a COSA by rate class per month. She reviewed the operating

---

expenses per number of consumers and mWh sold; the statement of financial position, stating the equity level is 49% of total assets; led a discussion on the statement of operations, and the sales report. Director Tayloe made a motion to accept the financials as presented. Director Rust seconded it. Motion carried 5-0.

MANAGER'S REPORT: Manager Tracy addressed some of the subjects of discussion at the recent PRC meeting on BPA's directives. PPC is still supporting the concept of allocation. BPA is working with FERC and the delegation. Manager Tracy met with personnel from Wellens, a company with expertise in steam generation. Seneca will be doing this type of generation and Seneca has approached Wellens to assist them and will supply a feasibility appraisal. Large Power Representative Todd Payne reported a new line is being constructed for Seneca and the start up date appears probably to be in the middle of July. Seneca has a shut down scheduled for the end of August at which time BLEC will perform maintenance during that time. Manager Tracy passed out pictures of a trip line in the Deadwood area that could be a safety hazard to our crews, informing the Board this information has been reported to the law enforcement officials. Discussion was held on the importance of safety for our crews while performing their duties. Lengthy discussion was held on the block, step-up, and conservation programs PNGC offers. Manager Tracy feels BLEC's load is overstated by PNGC in the scenarios given to us; therefore BLEC is reluctant to accept the numbers. Manager Tracy informed the board there is a possibility of up to a two mWh sale from the Pillen project. Discussion was held on BLEC's Pole Attachment Agreement and how it is structured in conjunction with PUC's pole attach adjustment's standard.

(Motion) SAFETY MINUTES: Discussion was held on the accuracy of the contents of the minutes. Federated Insurance will be paying for damage done to a consumer's property at Triangle Lake where BLEC personnel did not properly connect a neutral. Director Jacksch made a motion to accept the safety minutes as presented with the amendments. Director Sikes seconded it. Motion carried 5-0. The Board of Directors expressed their desire that the quality of the minutes will improve.

(Motion) PNGC/PRC REPORT: Manager Tracy informed the Board of Directors that as of last Sunday, the Boardman plant is up and running. The delivery point adjacent to Coffin Butte does not have adequate capacity. Discussion was held on an exchange with BPA and how BLEC needs numbers from Boardman so justification can be achieved to know where we are headed. Director Tayloe made a motion to have the General Manager advise PNGC that BLEC wants out of PNGC. Motion died for lack of a second. Further discussion was held on other ways BLEC could purchase electricity from other generation stations, and the advantages/disadvantages of belonging to BPA and PNGC. Director Rust made a motion that a list of concerns or comments be formulated and Manager Tracy is to ask PNGC to answer the concerns/comments or BLEC will vote to be out of PNGC. Director Jacksch seconded it. Motion carried 4-1 with Director Tayloe casting the nay vote. Discussion was held that BPA needs notification prior to October if BLEC is going to take the step-up, all loads must be quantified by meters by 2010, and the take or pay concept.

Integrated Resource Planning (IRP): The board reviewed the IRP handout and discussed the contents of it and how it applies to BLEC.

---

ORECA board meeting summary: Chairman Irwin reported policy recommendations were made; the audit is still on an annual basis; the board/committee policy; annual meeting spouse fees; and insurance.

STRATEGIC PLANNING: The final strategic planning document will be presented at next month's board meeting.

(Motion) OLD BUSINESS: Irrigation Rate update: Based upon the discussion at the board workshop prior to the board meeting and the results of the irrigator's meeting last week, it was recommended by management that all individuals with services in the commercial no demand group be identified by limits of the motors up to and including 30 horsepower to have the facilities charge set at \$24 for single phase and \$29 for three phase; the commercial with demand group be identified by limits of the motors over 30 horsepower up to and including 60 horsepower to have the monthly facilities charge set at \$50 for single phase and a \$55 monthly facilities charge for three phase; and the commercial with demand group continue at the same rate with the monthly facilities charge of \$100 and make the adjustment by notifying all of the irrigators that it would be retro active May 5, 2006. Director Tayloe made a motion to accept management's proposal. Director Jacksch seconded it. Motion carried 5-0.

(Motion) Annual Meeting survey and comments: The board reviewed the few annual meeting surveys that were answered and returned to BLEC; discussed the possibility of having a bylaw amendment so that in the future when there is an uncontested race the formalities and expenses of counting votes etc would not be necessary. Discussion was held on bringing a resolve to the invocation, the color guard, and the pledge of allegiance at next year's annual meeting by putting it to a vote by the membership present. Next year the meal will be served from 4:30 to 5:30 and the meeting will start at 6 p.m. Director Jacksch made a motion to hold the annual meeting at Triangle Lake School on Saturday, May 19, 2007. Director Sikes seconded it. Motion carried 5-0.

NEW BUSINESS:

Aware Committee Report: Manager of Member Services Joe McFadden reported to the Board of Directors, some of the suggestions the committee had at their meeting. These were: use *Ruralite* articles more, interview the directors, explain the criteria needed when rates are set, auto meter reading, and the counting committee's functions. More detailed articles are requested for publication in the *Ruralite* magazine, and to take the opportunity to expound on what is happening at the cooperative.

MEMBER COMMENTS:

There were no member comments.

DIRECTOR ASSESSMENTS:

Comments: PNGC discussion was really good, and disagreement is healthy.

Expenses: After discussing payment of area/annual meetings, the board expense records were turned in for approval.

Schedule of Events: No director expressed desire to attend any events.

---

RECESS: The BLEC Board of Directors recessed into the BLSI annual board meeting at 9:04 p.m.

RECONVENED: The BLEC meeting was reconvened at 9:20 p.m.

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 10 p.m.

(SEAL)

---

Michael E. Tayloe  
Board Secretary