

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

Tuesday, September 25, 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 5:10 p.m. 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
Bill Gabriel	-- Manager of Operations
Jami Bartunek	-- Manager of Financial Services
Joe McFadden	-- Manager of Member Services
Mary Cirks	-- Administrative Assistant
Todd Payne	-- Large Power Representative
Members	-- Mr. and Mrs. Sam Weber

AGENDA

(Motion) Manager Tracy requested the addition of the BPA Allocation report, the Region IX report, and Resolution 2006-07. Director Jacksch made a motion to approve the agenda with the additions. Director Sikes seconded it. Motion carried 5-0.

CONSENT AGENDA

The following were pulled from the consent agenda – minutes, disbursements, work orders, and account transfers.

Minutes: This sentence in the August minutes was deleted “Director Tayloe stated he wants to know what is being done for the money we are spending as a ratio to the cost and compare those figures to budget” and replaced by *Director Tayloe stated he wants see the actual expense figures, hours worked, and accomplishments in comparison to those figures in the budget.* The correction was made prior to signature.

Disbursements: Discussion was held regarding the mass adjustment for capital credits re-allocation; the check to cover the annual inspection on the ten trucks that was performed.

Work Orders: To date, 65 idle services have been removed at a cost of \$32,000. The board discussed the need for work orders to be closed out on a timelier basis if abandoned.

Receivable Account Transfers: The board was informed that the amount owed by the consumer minus the deposit held equals the amount being transferred to reserve.

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(Motion) Director Rust made a motion to accept the consent agenda with the correction to August's minutes. Director Sikes seconded it. Motion carried 5-0.

(Motion) FINANCIALS: Manager of Financial Services Jami Bartunek reviewed the financials, calling attention to the line loss chart, the rate of return on equity chart, and the current ratio chart. All of the information for these charts was from the KRTA and compared to CFC's US Totals and State Grouping. BLEC is in better standing than the national and state averages on all these charts. Discussion was held on the many factors that contribute to TIER; transportation; equipment hours; cost of power; and the lumber business. Director Rust made a motion to accept the financials. Director Sikes seconded it. Motion carried 4-1 with Director Tayloe opposing.

MANAGER'S REPORT: The hand-held meter reading units have been ordered. Manager Tracy reviewed the Consumer Accounting Practices (Policy 305.0) and the Collection of Bad Debts (Policy 306.0) which led to a discussion that every consumer is a member and no service to a property can be added or removed without the property owner's permission. Management was informed to proceed with the formalization of the stated policies for final approval at next month's meeting. Manager Tracy stressed to the board the importance of increasing BLEC sales. A lengthy discussion was held on BPA allocations, surplus power, forming a committee to encourage development in the Industrial Corridor, confidentiality issues, establishing a meeting with the ICCO group, the cooperative principal verses the COSA, the creation of a post 2011 class; and the need to come to a decision on where the board stands. ~~relative to collectiveness~~. Manager Tracy reminded the board that Senator Alan Brown will attend the AWARE committee meeting tomorrow night.

(Motion) Director Tayloe made a motion to allow management to find out what a fair market value of the Blachly-Lane Park would be. Director Rust seconded it. Discussion was held. Director Tayloe amended his motion to state that management is to see what an appraisal would cost and Director Rust seconded it. Motion carried 3-2 with Chairman Irwin and Director Jacksch casting the nay votes.

(Motion) SAFETY MINUTES: The Safety Committee Meeting minutes and the Safety Meeting minutes were reviewed and discussed.

ORECA REPORT: Chairman Irwin led a discussion on bringing a resolution to the ORECA annual meeting in November that would have a listing of those attending the NRECA meeting and how they voted. This would be arranged through ORECA and would demonstrate those in attendance as well as those delegates that voted. No action was taken at this time.

PNGC REPORT: Manager Tracy informed the board that one of the major bylaw changes recognized at PNGC is that future capital credits will go to only the members and not the patrons. A letter ruling from the IRS on this decision is being proposed. A settlement on Exhibit N continues to be sought. Water is coming through some Canadian dams but currently has ceased to come down so there are virtually no sales to non-members at this time. Rates will be discussed at the next PNGC board meeting; Ray Ellis is the new replacement for Roger Meader; Moss Adams has been engaged as PNGC's auditors; and a draft letter of offering is being formulated for Benton REA and LVP&L as future members.

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(Motion) Resolution 2006-05 (PRC certificate of designated membership representative or alternate) was presented to the board. After discussion, Director Jacksch made a motion to allow Manager Tracy to be the designated membership representative and Director Tayloe to be the alternate for voting purposes at the membership meeting of Power Resources Cooperative. Director Rust seconded it. Motion carried 5-0. Resolution 2006-06 (PRC certification of Boardman subscribers' committee representative or alternate) was presented to the board. After discussion, Director Jacksch made a motion to allow Manager Tracy to be the designated membership representative and Director Tayloe to be the alternate for voting purposes at the membership meeting of Power Resources Cooperative. Director Sikes seconded it. Motion carried 5-0.

Coffin Butte: Manager Tracy reported on the capacity expansion of the Coffin Butte Generation Project. Following a brief discussion, the Board directed Manager Tracy to maintain the same position for support at the same percentage of participation that presently exists.

(Motion) OLD BUSINESS: BPA allocation - Discussion was held on some items that were already discussed at our workshop prior to the board meeting. No facts and figures were presented, and the regional dialogue has been extended 30 days. Region IX report – Director Tayloe explained some of the pointers he gleaned from the class on communication; the importance of cultivating our legislators, newspaper editors etc. so the current issues are correctly understood. The members who attended Region IX reported that relative to having hydro considered as a renewable energy, a resolution on how hydro is defined as a renewable was approved for national consideration. Some attendees toured a geo-thermal operation and were very impressed. Discussion was held on the outstanding job the hosting REA did for the attendees. Resolution 2006-07 was presented to the board. Director Tayloe made a motion to approve the stated resolution. Director Jacksch seconded it. Motion carried 5-0. The resolution is to be sent to Golden Valley Electric Association for their outstanding facilitation and performance in hosting the 2006 Region IX held in Fairbanks, Alaska.

#### NEW BUSINESS

(Motion) Work Plan/Financial Forecast: Management presented the 2006-2015 *Financial Forecast* and explained the assumptions made and resulting contents. Discussion was held. Manager of Financial Services Jami Bartunek was commended for a job well done.

2007 Draft Budget: Due to no internet connection while Manager Tracy was attending the Region IX meeting, the draft budget will be mailed the first part of October.

Member concerns/memberships: Manager Tracy reported Director Jacksch and he had a long conversation with a couple who were concerned with a number of our policies; deposits, idle services, memberships, and renters and landlords.

CFC Patronage Capital Allocation: Manager Tracy reported the check has been received and deposited.

MEMBER COMMENTS: Comments: Mr. and Mrs. Sam Weber were present to discuss idle service charges and that they did not receive a notice regarding their idle service and the charge associated with it. They have used the service for 30 years. It was explained to

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them that as a renter, the notification of removal of an idle service was sent to the landowner. It was noted to the Weber's that 10% of BLEC's total customers have idle services, therefore the cost to maintain those services and capacity is being subsidized by the remaining rate payers. Manager Tracy also expressed failure to communicate with the renters themselves was part of this problem. Chairman Irwin thanked the Weber's for attending the meeting and for the opportunity to answer their questions.

DIRECTOR ASSESSMENTS:

Comments: An article in the *Power Line* indicated some of their subscribers reported they were willing to have a 6-10% rate increase for green power.

Expenses: Board expense records were turned in for approval.

Meeting Attendance: An employee/board meeting has been scheduled for Monday, November 20 at 2:30 p.m., a COSA workshop at 3:30 p.m. followed by the board meeting at 5 p.m. All directors will be in attendance. Chairman Irwin and Director Tayloe, along with Manager Tracy, plan on attending the PNGC meeting in October. Chairman Irwin will be attending the ORECA board meeting at Salem Electric on Wednesday, November 8, 2006. Next year's Region IX meeting will be held in Coeur d'Alene, Idaho. The next ORECA meeting is December 7, 2006.

EXECUTIVE SESSION

None was held.

ADJOURNMENT

With there being no further business to come before the Board, Chairman Irwin adjourned the meeting at 9:20 p.m.

(SEAL)

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Michael E. Tayloe  
Board Secretary