

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

Tuesday, February 19, 2008

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 10 a.m., following the board workshop on power supply. The following were present:

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|---------------------|----------------------------------|
| Thomas C. Irwin III | -- Chairman                      |
| Bob Sikes           | -- Vice-Chairperson              |
| Audrey Rust         | -- Secretary/Treasurer           |
| Ernie Jacksch       | -- Director                      |
| Jon Swanzy          | -- Director                      |
| Bud Tracy           | -- General Manager               |
| Jami Bartunek       | -- Manager of Financial Services |
| Joe McFadden        | -- Manager of Member Services    |
| Mary Locke          | -- Manager of Office Services    |
| Matt Smith          | -- Acting Manager of Operations  |
| Mary Cirks          | -- Administrative Assistant      |

AGENDA

(Motion) A motion was made and seconded to approve the agenda as presented. Motion carried 5-0.

MEMBER COMMENTS: There were none.

(Motion) CONSENT AGENDA

A few questions were asked and discussion held on last month's disbursements. Manager Tracy praised the Operations Department for finishing up last year's work as outlined in the Work Plan. Inspections for 2007 are being done at this time. A motion was made and seconded to approve the consent agenda. Motion carried 5-0.

(Motion) FINANCIALS: Manager of Finance Jami Bartunek reported the operating revenue for January indicated cost of power was 56% of our total revenue; the 14.5% line loss for January was due to the timing of meter readings; our long-term debt continues to go down from last year; equity is at 54%; operations is working with less material inventory. A motion was made and seconded to accept the financials. Motion carried 5-0.

(Motion) SAFETY REPORT: Acting Operations Manager Matt Smith reported there is a lot of interest in scheduling the safety trailer but there is also a lot of work to be done in the field. After discussion, a motion was made and seconded to accept the safety reports. Motion carried 5-0.

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PNGC/PRC REPORT: Director Swanzy reported on his experience as an attendee to PNGC's board meeting last month. He was pleased to see the support from other members on the resolution that was passed last month at our BLEC board meeting. The BLEC board was pleased to see that one of the principles adopted by PNGC is that they will use a third party to verify member creditworthiness and a "hats off" was directed to former board member Mike Tayloe for his efforts on this subject. Manager Tracy reported the BPA and PNGC wholesale power contracts will essentially be during the same time frame. An anticipated rate study from BPA every two years will be expected even though it is a ten-year contract. There was no PRC board meeting last month but there is a PRC committee that will establish the bidding process for the future.

ORECA REPORT: The minutes of the last meeting were in the board packet. Board Representative Irwin reported on the recent meeting.

MANAGER'S REPORT: Manager Tracy gave our men an Atta-boy for working with less inventory on file and also for keeping the consumers' lights on during the storms we have been experiencing. Acting Operations Manager Matt Smith reported the crew is a little behind due to the storms and being a man short, but have tackled some very important issues that took them off the schedule. Acting ROW Foreman Chris Parker informed the board of the accomplishments of the Right-of-Way crew as they continue working their regular responsibilities after the storms. The board expressed their thanks to everyone for a job well done as well as expressed to the employees they realize the importance their input is to the board.

Manager Tracy informed the board there has been a transmission meeting regarding 28 miles of line that needs to be rebuilt. BPA is proposing to put up a line of less capacity. Another proposal was to double the capacity and having a long range benefit. The rates to build the transmission will come out of all BPA rate payers. This project could be done in a two year time frame. A load forecast from CPI, EPUD, and BLEC will be sent to BPA.

A large power consumer met with BLEC and they discussed who is responsible for the replacement of transformers when one goes down. A transformer study will be done by BLEC personnel.

Manager Tracy shared graphs indicating examples of loads at various substations with their transformer size. Discussion was held on transformers and how the temperature of oil affects the transformer, the breakdown factor of oil, insulation of the transformer, and the dangers of moisture. A back up list of transformers is coming from BPA.

Misc: Progress is beginning south of Airport Road and south of Beltline in addition to projects north of our headquarters building. A consumer interested in a solar project has a few questions that they need answered before they continue with their project.

OLD BUSINESS: BLEC annual meeting – Discussion was held on if there is a need of a bylaw change regarding the invocation and posting of colors. After a lengthy discussion, there is to be an American flag and an Oregon flag in the board room and at the annual meetings. At the 2008 annual meeting, there will be an invocation and the posting of the colors. After reviewing the minutes of the 2007 annual meeting, a vote will be presented

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to the membership with respect to continuing with an invocation and the posting of the colors.

The members of the AWARE committee discussed EPUD information, meters, and the renewables meeting. Manager Tracy will work with EPUD on squaring up with territory issues.

NEW BUSINESS: Calendar – All of the Board of Directors, Manager Tracy, and Jami Bartunek will be attending the PNGC SEP meeting March 4, 2008. Chairman Irwin and Manager Tracy will be attending the PNGC board meeting on March 5 in Portland. The Aware committee will meet March 18 and May 20.

(Motion) After discussion, a motion was made and seconded to retire all of 1990 and all of 1991's capital credits plus ½ of the year 1992's capital credits for a total retirement of \$469,764.50. Motion carried 5-0. These checks will be available at the upcoming annual meeting on May 10 at Triangle Lake.

(Motion) A motion was made and seconded that Director Sikes be the voting delegate for any remaining corporation(s) at the NRECA annual meeting next week with Manager Tracy as alternate. Motion carried 5-0.

Manager Tracy discussed some service corrections that do not meet code requirements and are a safety issue. These corrections are on the consumer's side and each utility is having a problem in meeting this PUC mandate. A lengthy discussion was held on what we can do for our consumers to assist them in correcting these conditions.

STATE HOSPITAL/PRISON: Director Sikes will serve on an Advisory Committee for construction with this state project. Manager Tracy has sent the State a cost "soft figure" of \$2 million for the distribution of power in this project. An amendment to the 2008 Work Plan proposal will be forthcoming.

DIRECTOR ASSESSMENTS:

Comments: There were no comments.

Expenses: Expense reports were reviewed and signed.

Meeting Attendance: Director Sikes and Manager Tracy will be attending the NRECA annual meeting Feb 21 to Feb 27 in Anaheim, CA. Ms. Bartunek will drive all of the Board of Directors to Portland on March 4 to attend the PNGC's SEP meeting.

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 9:20 p.m.

(SEAL)

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Audrey Rust  
Board Secretary