BOARD MEETING

July 27, 2010

President Don Hover determined that a quorum was present and called the meeting of the Board of Directors of Okanogan County Electric Cooperative, Inc. to order at 7:00 pm.

Present: Don Hover, Jeremy "Nim" Titcomb, Dick Garing, Ken Westman, Pat Leigh, Richard Erickson, Frank Kline, Ron Perrow and Paul Taylor.

Absent: None

Attending: Ray Ellis General Manager; Lynn Northcott, Office Manager; Teri Parker, Office Staff and Derek Miller, Chief Engineer, Okanogan County PUD.

Members in Attendance: Vicki Yanerella, Joe Callier, Jim Thomas, Patti DeLange.

Members in Attendance on Agenda: Ken Sletten and Matt Firth.

APPROVAL OF AGENDA

Don presented two items to be added to the agenda. The first item; Derek Miller from the PUD will speak before the electric business is begun and under Items of Business add item number 6, Survey Committee Review.

Don asked that additional agenda items be given to Ray or Lynn before board meetings so they will be included on the agenda posted for the public and to give ample time for consideration of topics at meetings.

Nim moved to accept the agenda as revised. Second. Carried.

APPROVAL OF MINUTES

Nim moved to approve the minutes from June 27, 2010 meeting. Second. Carried.

GUEST SPEAKER

Derek Miller from Okanogan County PUD gave a presentation of the proposed transmission line from Pateros to Twisp. He showed the board the original Brewster to Pateros to Twisp

transmission line route from the 1940's. When the line was destroyed by flood in the 40's it was re-routed to its present location over the Loup.

Derek discussed several topics including voltage and capacity issues with the present line and several land use issues. There was a question and answer period for the OCEC board members.

MANAGERS REPORT

1. Form 7 – June 2010 – Reviewed and a copy attached hereto.
2. Statement of Operations - Reviewed and a copy attached hereto.
3. Status of Funds - Reviewed and a copy attached hereto.
4. Revolving Loan Fund –Reviewed and a copy attached hereto.
5. Power & Service Data - Reviewed and a copy attached hereto.
6. Outage Report – Reviewed and a copy attached hereto.
7. Update on Operations:

Ray reported meeting with John Grubich, General Manager of Okanogan County PUD, to talk about the feasibility of a merger between OCEC and the PUD. Ray said there has not been a lot of interest by the PUD in the Cooperative. In the past, the PUD would not assume our commercial and capital credit debt and they would not guarantee OCEC the same rates as their other customers. The PUD does not see the Co-op as profitable and they cannot own a propane company.

The Community Solar Project is underway. The contract and payments from participating members have been received and the contract work has begun. It is hoped that the solar panels will be up and running by the end of August with an Open House to follow in September.

The Wolf Creek upgrade project is on hold due to lack of response from residents in the proposed area.

Phase 1 of the East County Road upgrade is completed and the rebuild in Edelweiss is near completion.

After discussion regarding the Braden Project, Ray reported that we have up to three years to implement our plan in phases or we can still opt out if we decide this project does not meet our needs. The staff will put together an implementation plan and present it to the board. The Braden unit is equipment to help consumers control their

'load' or demand. Ray stated "regardless of rate – load is a problem we need to control."

ITEMS OF BUSINESS

1. PNGC Update

Ray was unable to attend the June meeting but reported that according to PNGC we are at 76% of normal for water and we are in the 42nd of 50 worst water years on record.

2. Conservation Committee

The committee is working with OCEC staff to include more conservation information and materials on the OCEC website. They are evaluating hot-water tanks and the possibility of helping consumers acquire one to fit their needs. Ray reported that the committee at this time is focusing on educating consumers about kW (demand) use and kWh usage. There is a water heater calculator on our website for consumer use.

3. Communications Committee

Ron reported they do not have a draft plan prepared. Frank has resigned from the committee and suggests the board reconsider hiring a professional communicator to tell the members about all the good things going on at the co-op.

Don asked for a volunteer to replace Frank on the committee, there were none. Pat requested to have another month to present a written draft of a communication plan.

4. Revolving Loan Fund

Lynn Northcott reported that the committee will meet tomorrow and review applications received.

5. Policy No. 20-040 Member Requests for Co-op Information

Paul made a motion to accept the policy as revised. Second. Carried.

6. Survey Committee Review

Paul presented a draft of the completed survey. He noted the draft was emailed to the board members earlier in the month.

Ken noted that this is a work in process and still needs to have board feedback.

Frank noted that he still believes this project needs to be done by a neutral professional to avoid any bias in the questions. Frank also questioned the board about how the results of the survey will be used because that has not yet been determined.

Nim reminded the board that it is their job to establish a rate philosophy and that was one of the reasons a survey was suggested.

Paul suggested a special meeting for discussion.

Don asked the board "what will we do with the information gathered from a survey"? After much discussion he directed Ray to put this topic on next month's agenda and to leave ample time for board input.

GUEST SPEAKERS

Ken Sletten asked that the OCEC board consider supporting the PUD in their efforts to build the Pateros to Twisp transmission line. He suggested a letter of support signed by the board or to consider filing a Friend of the Court Brief in favor of the project. He also expressed that with the PUD possibly acquiring additional shares of the Wells Dam power in the future, it could be valuable to the Co-op to merge with the PUD.

Matt Firth thanked the board for opening the meetings and asked if they would consider reserving seats for those who have to travel a longer distance to attend meetings. He requested that the board make the COSA available to members on the website. Ray told him it has always been available upon request.

MEETINGS ATTENDED

1. PNGC – Portland OR – Aug 2nd & 3rd – Ray
2. PPC – Portland OR – Aug 4th – Ray
3. WRECA Board Meeting – Moses Lake WA – Aug 11th & 12th – Ken, Richard & Ray

Meeting Adjourned to executive session at 9:25 pm.

Meeting was reconvened at 9:40 pm.

Ron made a motion to support the PUD transmission line with a Friend of the Court Brief. Second. Carried.

Meeting was adjourned at 9:45 pm.

NEW MEMBERS

New members were accepted by acclamation.

Richard Erickson

Richard Erickson, Secretary