SPECIAL BOARD MEETING

Okanogan County Electric Cooperative, Inc.

June 15, 2010

Vice President Frank Kline called the special meeting of the Board of Directors of Okanogan County Electric Cooperative, Inc. to order at 6:00 pm. President Don Hover was running late.

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

Absent:

Attending: Ray Ellis General Manager; Lynn Northcott, Office Manager; Teri Parker, Office Staff; and Mark Crum, IT Specialist.

Members in Attendance: Marlene Firth, Matt Firth, Jim Brennan, Jeff Hardy, Jim Thomas, Deb Thomas, Mr. & Mrs. Joe Caillier and Duncan Bronson.

APPROVAL OF AGENDA

Ray Ellis requested to add item number 2. Executive Session.

Ron Perrow moved to accept the agenda as revised. Second. Carried.

ITEMS OF BUSINESS

1. **RATE DISCUSSION**

Paul Taylor opened with 2-points for discussion. The first point of discussion being he does not believe the rate structure dispute is going to go away. He would like to see it resolved so that the Board can move on to other Co-op business.

His second point for discussion is he believes there has been a misunderstanding on the COSA (Cost of Service Study) and what a COSA is. Paul stated his understanding of the COSA is, "basically a study in order to figure out which rate classes should pay and how much as a rate class".

Paul presented a proposal to survey the membership for 2-reasons. Reason number 1 is that some board members "still" feel like not all members are dissatisfied, and reason number 2 is to involve the members in decisions.

President Don Hover arrived at this time and chaired the remainder of the meeting.

Ron quoted the second principal of a Co-op; member-owners have a say in how their co-op is run. He supports the survey concept.

Ken Westman reiterated that when this rate structure was chosen it was only after the Board had looked at many rate structures and plans. They established a rate for fixed costs covered by fixed revenue only after exploring 10 or more plans. Ken would like to see Small and Large Commercial services included in the survey.

Frank Kline supports a survey as long as it is budgeted for, created and administered by an independent, objective company. He does not feel this board is qualified or objective enough to put together a clear and concise non-biased survey.

Nim Titcomb stated that he is agreeable to a survey with the suggestion that we include questions for members in regards to equality for all, whether a member would like to be subsidized or subsidize others in different rate classes.

Don Hover reminded the Board that the Board's first responsibility is to the Co-op to make sure it is financially sound and to provide reliable energy at the most cost equitable rates. He pointed out that we are a member-owned Co-op and, by Federal rulings, we cannot have a large reserve (or margins) set aside. He suggested that to govern based on the results of a survey is to govern by referendum.

Ken suggested the purpose for these board deliberations be defined and suggested the reason is to create a philosophy of rate setting procedures.

Ron motioned to establish a committee of Richard, Paul, Ken and Pat to present a draft survey via email on rate philosophy. Second.

To Board Members 6-22-10

Don called for a vote; Motion carried with 1-opposed, Frank Kline.

The Special Board Meeting adjourned at 7:45 p.m. and the Board of Directors went into executive session.

Richard Erickson, Secretary