BOARD MEETING

August 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, Doug Graybeal; Engineer Staff and Don Clutter; Engineer Manager.

Members in Attendance: Mike Shirley, Duncan Bronson, Matt Firth, Jim Brennan, Joe Callier, Ken Sletten, Shane Ruoss, Gina Monteverde, Ann McCreary and Ron Quist.

Members in Attendance on Agenda: None.

APPROVAL OF AGENDA

Ray requested to add number 8 to the agenda; Alternate Rate and in the Executive session he requested to add number 2; legal counsel, number 3; a Customer-member and number 4; labor issue.

Paul requested 30-minutes to cover the Survey Committee report.

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

APPROVAL OF MINUTES

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

NEW MEMBERS

Ron moved to accept the new members. Second. Carried.

MANAGERS REPORT

1. Form 7 – July 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 the Engineer for the Mazama feeder has been here and we are waiting to hear back from him.

Don Calvert, head coach for the Liberty Bell baseball team, asked Ray if the Co-op would be willing to donate four 35-foot poles to support netting for use in the backstop area of the ball field. The existing fence is too short to protect the spectators on both sides from foul balls.

The Community Solar Project is complete and awaiting final inspection. We are hoping to be online by the end of August. We believe we are the first in Washington State to complete this project.

OCEC will begin a project in Pine Forest in the next 2-3 weeks to replace underground cable.

ITEMS OF BUSINESS

1. PNGC Update

Ray reported the resource committee will continue with a short-term contract with BPA.

The 2011 forecast is for a wetter and colder winter which is good for the next water year and the hydro-system.

OCEC is still looking at a retroactive rate increase from PNGC, but the increase is looking smaller than anticipated.

2. Conservation Committee Report

Don Clutter and Doug Graybeal gave a presentation regarding the Brayden research done by the committee and the data from 2 test units installed in members homes. After viewing, points of discussion included; explanation of load factor, time-line for implementation, time of use vs. demand, range of alternatives and financial concerns with the project.

Paul moved that no expenditure be made on the Load Control/Smart Grid Grant project until the Board has reviewed load forecasts, has reviewed an evaluation of the costs/benefits of all load control options and has given approval for a specific load control strategy. Seconded; discussion.

Ron moved to amend the motion with a 5-month window for cost of benefit analysis for the Smart Grid Grant/Brayden project. Second.

Don called for a vote on the amendment first. Motion carried with three (3) opposed; Richard, Frank and Nim.

Don called for a vote on the motion. Motion carried with three (3) opposed; Richard, Frank and Nim.

3. Communication Committee Report
Per Don, this topic will be skipped in the interest of time and be rescheduled for next month. The committee had a handout for each board member.

4. Revolving Loan Fund
Per Don, this topic will be skipped in the interest of time and be rescheduled for next month.

5. Vote by Mail – Possible By-Law Change
Ray pointed out that he did not believe that voting by mail needed a by-law change as it was already written in as an option.

Ron moved that we vote by mail system. Second; discussion followed.

Ray pointed out that to eliminate proxies it is a by-law change. A by-law change takes a unanimous board decision. Ray read the existing by-laws regarding membership voting.

Ken moved to amend the motion to eliminate proxy voting. Second. Motion carried as amended.

6. Employee Benefit Committee

Each year a board committee is chosen to meet with employees to discuss benefits. The 2011 committee is Nim, Frank and Pat.

7. Survey Committee Review

Don reminded the board members to be aware that when they are speaking to the media and to avoid public confusion, make sure it is clear that they are not speaking for the entire board, only themselves.

Paul presented the drafted survey. Points of discussion included reasons for sending a survey, concern over what to do with the results, are the questions too leading, is this survey helping to create a rate philosophy, and is this in the best long-term interest of the Cooperative and making sure the public knows that this is not a vote.

Ken noted there is a cover letter to be sent with the survey and the second paragraph states that the results will be used to guide rate structures as OCEC moves into the future.

Paul moved to send the survey as drafted a soon as is practically possible.

Ken moved to amend the motion to make the second paragraph of the cover letter more visible. Second.

Motion carried with three (3) opposed; Nim, Dick and Frank.

8. Alternate Rate

Ray presented a proposal to offer a second, alternative rate that members could choose from if they would like. The alternate rate is $40.00 per month, $.08 kWh charge and no demand charge. This would give members a choice of two rates to choose from. The new rate could give low end kWh users relief from the demand charge.

He asked, if possible, to implement the new rate on October 1, 2010.

Discussion points included the financial impact to the Co-op, whether to wait until the survey is returned, cautions on proper communication and concern about confusing members.

Nim moved to accept the alternate rate structure effective on October 1, 2010. Second and carried with three (3) opposed; Paul, Ron and Pat.

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 9:15 pm.

Meeting was reconvened at 9:40 pm.

Ken moved to donate four (4) 35-foot poles to Methow Valley School District for the sports field bleachers. Second. Motion carried with Frank abstaining from the vote.

Meeting was adjourned at 9:47 pm.

Richard Erickson, Secretary