BOARD MEETING

September 28, 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.

Members in Attendance: Matt Firth, Joe Callier, Ed Surette, Charles Ultican, Ada Knowles and Dan Weinstein.

Members in Attendance on Agenda: None.

APPROVAL OF AGENDA

Ray requested item No. 2 under Items of Business, Employee Benefit Committee Report, be moved to Executive session. He also requested to add to the executive session No. 8, discussion of the member survey and No. 9, discussion of equipment. Paul requested to add to the regular agenda, No. 10, reschedule the October Board meeting and to the executive session Ron requested to add No. 11, discussion of the Authority of the President.

Nim moved to accept the agenda as amended. Second. Carried with one opposed; Ron.

APPROVAL OF MINUTES

Nim made a correction to the minutes of August 27, 2010; under approval of minutes the July 27, 2010 board date was omitted in error.

Ken moved to approve the minutes as amended. Second. Carried.

NEW MEMBERS

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

MANAGERS REPORT

1. Form 7 – August 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 that member surveys are being received in the office. He asked the board for direction on handling the information. After a brief discussion it was decided to have a special meeting to review the results. The office staff will be directed to put a deadline of October 15, 2010 on the billing statements and a notice of survey due date on our website.

   At this time it was also decided to move the October board meeting to November 4, 2010 at 7:00 p.m.

   Ray reported that PNGC will be conducting a Conservation Survey to determine how members use their energy. It will be conducted among randomly chosen members of Cooperatives belonging to PNGC.

   To date there are 114 OCEC members signed up for Billing Option 2; $40.00 base charge and $.08 kWh.

   Ray reported eight (8) Requests for Proposals (RFP) have been sent out to several engineering firms for the purpose of understanding the capacity of our infrastructure, evaluation of our system and suggested management tools. There is no cost to OCEC until the proposals come back and a decision is made.

   Ray expects the Mazama Feeder study to be back in a couple of weeks.

Ray suggested the board have a policy in place for mail in voting procedures by January 2011. Ron agreed to contact the county office to gather information about how they conduct voting by mail.

Ray and Paul investigated the realities of voluntary curtailment of peak loads by members. After reporting on a couple of different real life scenarios from other utilities in Alaska and Delaware it was determined that the information was flawed and OCEC would continue to explore possibilities.

ITEMS OF BUSINESS

1. PNGC Update

Resource Management Committee discussed an equity plan for future resource acquisition. The debate centered on how much equity each utility has to put in before a cohesive plan can be put in place.

Risk Management Committee discussed water shortfalls in the Columbia River for 2010. We are at a 70-year low for water flow which affects wholesale rates.

Rates and Finance Committee looked at the current 2010 rates and determined they are inadequate for the remainder of the year. OCEC will be facing a second retro-active increase for 2010 for approximately $25,000.00.

BPA is looking at rate increases over the next couple of years in order to build up their reserves.

2. Signing Policy #30-110 Rate Schedule A – General Service – Option 1 or Option 2

Pat moved to accept Policy 30-110 as presented. Second. Carried.

3. Capital Credit Allocation

OCEC is on a 20-year rotation and uses a first-in, first-out system for payments. Ray purposed to change this system to one that would continue to pay ½ of the portion for the oldest patronage owed and ½ of the portion of patronage to the newest members.

Paul asked Ray to provide a summary and capital credit explanation to the board for discussion at the next regular board meeting.

4. Revolving Loan Fund (RLF)

The committee reviewed four (4) applicants and chose two (2) for loans. The first is the Town of Twisp for pool repairs in the amount of $9,210.00. The second applicant chosen is the Twisp PDA for $15,000.00 for repairs to the facility.

Ron moved to accept the RLF committee's recommendation. Second. Carried.

5. Communication Committee

Pat presented the committee's findings and a draft communication policy to the board. Points of discussion included how the information to write a policy was gathered, the intentions of the policy and who would be responsible for implementation.

It was decided to keep the communication policy as a working plan instead of a policy.

6. Legal Council Committee

Pat and Ken served on the committee. After presenting their findings the recommendation was to advertise the position for 1-week in the Wenatchee World (Friday and Saturday edition), 2-weeks in the Omak Chronicle and the Methow Valley News, have the position listed on the OCEC website and the NRECA job site beginning October 1st.

Ron moved to authorize $500.00 to advertise the Legal Council position for OCEC. Second. Carried.

MEETINGS ATTENDED

1. PNGC – Portland OR – Aug 30th & 31st – Ray
2. PPC – Portland OR – Sept 1st – Ray

MEETINGS TO ATTEND

1. 1. PNGC Annual Meeting – Portland OR – Oct 5th – Ray, Pat, Ken, Richard

2. NWPPA – Front Line Leadership Session #3 – Spokane WA – Oct 4th thru 6th - Wayne Stevie
3. WRECA - Board Meeting – Spokane WA – Oct 12th – Ken & Richard
4. NWPPA – Unbundled Cost of Service & Rate Design – Portland OR – Oct 12th & 13th - Ray
5. NWPPA – Credentialed Cooperative Fast Track – Great Falls MT – Oct 25th thru 29th – Paul & Pat

Meeting was adjourned to executive session at 8:31 pm.

Meeting was reconvened at 9:57 pm.

It was noted the High Deductible Health Plan the employees elected to move to in 2009 has saved OCEC over $70,000.00 in health insurance premiums. For 2011 the employees purposed to change the preventative portion of the prescription plan to lower premiums further.

Ken moved to approve the medical benefits as presented by the committee. Second. Carried.

Ray discussed the problems the line crew has been having with the chipper.

After discussion Paul moved to approve the approximately $28,000.00 expenditure for a replacement chipper. Second. Carried.

Meeting adjourned at 10:04 pm.

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Richard Erickson, Secretary