

**COOS-CURRY ELECTRIC COOPERATIVE, INC.**  
**Regular Meeting of the Board of Directors**  
**March 24, 2006**

**I. PRELIMINARY**

The Regular Meeting of the Board of Directors of Coos-Curry Electric Cooperative, Inc. (CCEC) was called to order at 10:43 a.m. on Friday, March 24, 2006 by President/Chairman of the Board Hanscam in the conference room at the Cooperative's Headquarters Building, Port Orford, Oregon. Secretary Thomas called the roll, showing the following directors present: Hanscam, Thomas, Radabaugh, Combs, Itzen, Lund, and Doran. Also present were General Manager/CEO (GM/CEO) Werner G. Buehler, Chief Financial Officer (CFO) Doyle F. Eden, Executive Assistant Dian Marple, Member & Public Affairs Director Christine Stallard and Controller Frank Corrales. President/Chairman of the Board Hanscam recognized members of the audience and guests.

The proposed Agenda was approved with an addition to IV Reports H. Non-Wire Solutions Task Force.

**II. CONSENT AGENDA**

After a brief discussion and questions concerning several checks, a motion was made to approve all items under item II. Consent Agenda, including the minutes as amended. The motion was seconded and unanimously carried.

**III. MONTHLY FINANCIAL REPORTS**

A. Budget Analysis

CFO Eden began his brief report with a review of the *Coos-Curry Electric*

*Cooperative, Inc. Consolidated Year to Date Comparison, Actual/Previous Year/Budget (CCEC and SCSC) as of February 2006.* CFO Eden reviewed revenues, costs, a tax refund for SCSC, and margins, concluding that CCEC is doing well so far this year. The Form 7 was discussed briefly and GM/CEO Buehler and CFO Eden responded to questions. A motion was made to approve the monthly financials as presented. The motion was seconded and unanimously carried.

#### **IV. REPORTS**

##### **A. Power Supply Report/PNGC**

GM/CEO Buehler reviewed items concerning Pacific Northwest Generating Cooperative (PNGC). GM/CEO Buehler reported that PNGC has ordered the preparation of an Integrated Resource Plan that will be useful in the decision making process as to what route CCEC and PNGC need to take at the end of the Bonneville Power Administration (BPA) contract period. There was additional review of PNGC matters which included the report of a good water year.

##### **B. Staff Reports**

The board reviewed the Operations' Report including the outage report; the Engineer's Report, including the substation load report and the staking report; the Southern Division Report and the Member Services Department Report. The new AMR meters are creating a lot of phone calls due to higher bills. The old, mechanical meters were very slow and not reporting accurate usage. Reporting accurate power usage is just one of the benefits to the new AMR system. The Member & Public Affairs Report with various attachments also was reviewed. Christine Stallard reviewed CCEC's Website issues and responded to questions from the board.

C. ORECA Report

President/Chairman of the Board Hanscam gave a brief report concerning the activities of the Oregon Rural Electric Cooperative Association (ORECA) and on meetings he recently attended at ORECA. There was a lengthy discussion on green power and renewables.

D. CFC COSA Review

CCEC Controller Frank Corrales reviewed a power point presentation of a comparison of the Pacific Northwest Generating Cooperative (PNGC) and the National Rural Utilities Cooperative Finance Corporation (CFC) Cost of Service Analysis (COSA). He described a COSA is part art and part science and it must assess the rates so that consumers within the rate class do not subsidize other consumers within the rate class. Both COSAs are within 3% of each other in total overall revenue requirements.

A motion was made to place the CFC COSA and Corrales' presentation on the CCEC website. The motion was seconded and unanimously carried.

President/Chairman of the Board Hanscam announced that the Request for Information submitted by Member Daryl Robison had been reviewed by the board and that the information requested by Mr. Robison would be available on CCEC's website within the next couple of weeks.

E. Capital Credits

GM/CEO Buehler advised that advance payment refunds are being handled through billing refunds. GM/CEO Buehler discussed the next budget workshop and potential capital credits retirement. Capital credits were reviewed and the board discussed the possibility of retiring capital credits for 1971 of \$194,122.92 and 1972 of \$479,778.78. A motion was made to retire and refund capital credits for 1971 and 1972 as soon after the

June annual meeting as possible. The motion was seconded. After continued discussion, GM/CEO Buehler suggested that, since CCEC presently does not know what rate increases will be coming later this year, the impact of water supplies, and the effect of other similar factors, it might be a good idea to wait until later in 2006 to decide whether or not to pay capital credits for 1972. President/Chairman of the Board Hanscam called for the vote on the motion and the motion failed.

A motion was made to prepare to retire and pay capital credits for 1971 sometime after the June annual meeting, during the 3<sup>rd</sup> or 4<sup>th</sup> quarter of 2006, and to be prepared to retire and pay capital credits for 1972 at the same time to save some preparation and overhead costs, if the revenue totals that come in during the 3<sup>rd</sup> or 4<sup>th</sup> quarter of 2006 are good enough to allow retirement of capital credits for 1972. The motion was seconded and unanimously carried.

Director Thomas reminded the board that NRECA has recommended that capital credits be retired and paid to the members to preserve CCEC's tax exempt status.

## **VI. REMARKS & COMMENTS BY MEMBERS OF THE AUDIENCE**

President/Chairman of the Board Hanscam asked for questions or comments from the audience.

To Member Daryl Robison's comment concerning equity level and capital credits, Mr. Robison was advised that the board had already taken the cooperative's equity level into consideration in regard to paying out capital credits. He also commented that he was glad to see that the board is listening to the Co-op's members.

Jo Rieber stated that she was surprised that some members are not getting the message. Perhaps the communications are not getting through. She suggested that

perhaps a member advisory committee could be created to assist in getting communications out to the members concerning the realities of running a cooperative. CCEC is one of the biggest businesses in our area. She suggested that CCEC could turn it around very, very well with a grassroots approach. She just thinks the message is not reaching the community. Ms. Rieber would like to see CCEC help with more local economic development. She suggested that, by looking at the outsourcing issue, perhaps some way could be worked out to bring some of the outsourced items back to the community. Maybe people would pay a bit more for power but it would help the community and maybe help the cooperative's image in the community. Running the cooperative as a business is a very complicated proposition.

Val Corley stated that sometimes the board goes through things a little too fast. He said that had happened today with capital credits and he asked them to explain capital credits. The board and GM/CEO Buehler responded with an explanation.

Jo Rieber said that perhaps the explanations need to be a little simpler.

There were no other comments from the audience.

Regular session adjourned for lunch at 12:54 p.m. and reconvened at 2:15 p.m.

#### **IV. REPORTS (continued)**

##### **F. Insurance Committee Report**

The Insurance Committee reported that they had met last week and have very good news to report. The amount of claims for the past year is substantially down and the administration gave a very good report to the committee. At the recommendation of the Insurance Committee, based on discussions with Kipp and Co., a motion was made to

increase the vision coverage to the level recommended by Kipp and Co., to about \$500 every two years, and to change to the reinsurer company recommended by Kipp and Co. to reduce the premium. After additional discussion and questions, the motion was seconded and unanimously carried.

G. Job Costing/Work Order Progress

System Engineer Andrew McBride talked about the progress being made on the work order and job cost issues of the cooperative. He advised that the procedures are getting more accurate on materials, transportation and labor. They are also trying to make the procedures into a good working tool.

Engineering is also working on the variances on jobs and trying to research reasons for underestimates. He wants the stakers to overestimate by a very small amount so a small refund can be given back to the member instead of a bill that must be paid by the member.

They are standardizing construction specs for the entire utility and establishing a work order tracking process.

H. Non-Wire Solutions Task Force

The board reviewed two reports regarding Non-Wire Solutions from Bonneville Power Administration (BPA) and from Ken Keating. System Engineer Andrew McBride advised that BPA did a presentation regarding voltage instability in our area due to weak transmission lines. BPA proposes building a line from Fairview to Rogue and Bandon to Rogue Substation. BPA recommends a cheaper (\$8 million) temporary fix of adding static var compensation to alleviate the voltage instability until 2013. Then there would be the need of a new line (\$35 - \$40 million.)

## **V. ACTION ITEMS**

### **A. Safety Report**

Following review of the March 2006 Safety Report, a motion was made to approve the Safety Report as presented. The motion was seconded and unanimously carried.

### **B. Audit Report**

After brief discussion concerning the presentation made by Julie Desimone and Nicole Farrell of Moss Adams LLP, the cooperative's auditors, a motion was made to approve the Audit Report as presented. The motion was seconded and unanimously carried.

Director Lund asked that the record show that the board offered a special tribute to all the staff who worked tirelessly to provide the requested information to allow the audit to be completed quickly and on time.

### **C. Policy Review Committee Proposal**

1. Proposed Revised Policy Bulletin No. 13, Electric Service Rules & Line Extensions, was reviewed. Policy Review Committee Chairman Combs advised that the policy review committee recommended approval. A motion was made, seconded, and unanimously carried to approve proposed revised Policy Bulletin No. 13, Electric Service Rules & Line Extensions, as presented.

## **VII. OLD BUSINESS**

There was no old business to come before the board.

## **VIII. NEW BUSINESS**

### **A. Association Activities**

The board reviewed various reports, notices, letters, and newsletters.

## **IX. EXECUTIVE SESSION**

Regular session was adjourned at 3:47 p.m. into executive session and reconvened into regular session at 4:31 p.m.

Upon a motion duly made and seconded, the following resolutions were approved by the Board of Directors:

A. Attorney's billing – After a brief discussion, the board resolved to approve the attorney's billing statement as presented.

B. 2005 Year-End Form 7 and AMR Investment Analysis – After brief discussion, the board resolved to place the following items on the website:

1. 2005 Year-End Form 7 and to update the Form 7 quarterly,
2. AMR Investment Analysis

C. Member Request for Information – After brief discussion, the board resolved to allow Member Daryl Robison and the general membership to access the requested Form 7 document and the AMR Investment Analysis by placing those items on CCEC's website.

D. Request for Organization Membership – After a brief discussion, the board resolved not to become a member of the Point Orford Lifeboat Station Museum at this time.

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**X. MEETINGS**

The board took note of the following meetings:

April 28, 2006, CCEC Regular Board Meeting, Port Orford OR

**XI. ADJOURN**

There being no further business to come before the Regular Meeting of the Board of Directors of Coos-Curry Electric Cooperative, Inc., the meeting adjourned at 4:33 p.m.

/s/ Dale L. Thomas

Dale L. Thomas, Secretary

**ATTEST:**

/s/ Terry C. Hanscam

Terry C. Hanscam, President/Chairman of the Board