

COOS-CURRY ELECTRIC COOPERATIVE, INC.
Regular Meeting of the Board of Directors
July 28, 2006

I. PRELIMINARY

The Regular Meeting of the Board of Directors of Coos-Curry Electric Cooperative, Inc. (CCEC) was called to order at 10:33 a.m. on Friday, July 28, 2006 by President/Chairman of the Board Robison in the conference room at the Cooperative's Headquarters Building, Port Orford, Oregon. Secretary Radabaugh called the roll, showing the following directors present: Itzen, Robison, Radabaugh, Combs, and Schlottmann. Director Herzog was present telephonically. Also present were General Manager/CEO (GM/CEO) Werner G. Buehler, Chief Financial Officer (CFO) Doyle F. Eden, and Executive Assistant Dian Marple. Legal Counsel Michael G. Hanlon was in attendance. President/Chairman of the Board Robison recognized members of the audience and guests.

The proposed Agenda was approved as amended, adding under Old Business B. Audit Committee Meeting with Moss Adams, and under New Business B. Cost of Ruralite and C. Website Update.

II. REMARKS & COMMENTS BY MEMBERS OF THE AUDIENCE

President/Chairman of the Board Robison called for remarks or comments from the audience.

Member Evan Kramer thanked the board for moving the remarks from the audience section of the agenda forward. Mr. Kramer asked if there was any chance of bringing the member electric bills back in house from Sterling Bank and if the energy

conservation programs would be brought back. President/Chairman of the Board Robison responded that both of these issues would be discussed in the upcoming board strategic planning session (SPS), including the cost effectiveness of those programs. Mr. Kramer stated that cost effectiveness is not the only thing the board should consider. In his opinion, the community and county should be considered when discussing the possibility of bringing jobs back to Port Orford.

Member David Pesonen thanked the board for moving the remarks from the audience up on the agenda and for its enthusiasm. Mr. Pesonen asked the board to consider holding its board meetings in the evenings and to rotate its meetings to all of the cooperative's areas. President/Chairman of the Board Robison asked the board about these possibilities. Director Itzen asked that the matter be tabled until some data could be compiled concerning the costs of these proposals. There was additional discussion concerning the possibility of having some meetings in areas other than Port Orford or setting up some smaller meetings/forums with management in the other local communities for board members to listen to the members' concerns.

Member Don Heinzen stated that he believed the minimum monthly charge and the reconnect fee of \$200 should also be reevaluated. He also expressed his belief that the general manager's salary should be reviewed to see if it is justified. He believed that a full rate review also is necessary and that the cooperative should get away from the declining block rate. Mr. Heinzen clarified that he was talking about the winter block rate. President/Chairman of the Board Robison advised that these issues would be discussed by the board.

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III. CONSENT AGENDA

After a brief discussion and questions, a motion was made to approve the minutes of the June regular board meeting as amended. The motion was seconded and unanimously carried. Following further discussion, during which CFO Eden responded to questions from the board, a motion was made to approve items B through E under the Consent Agenda. A discussion was had concerning the Ruralite publication concerning whether it is still a good tool. According to the recent member survey, 75% - 80% of the cooperative's members rely on the Ruralite for information about the cooperative. There was a discussion concerning the possibility of hiring a mechanic/warehouseman to do vehicle maintenance. The motion to approve items B through E under the Consent Agenda was seconded and unanimously carried.

IV. 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 June 30, 2006*. CFO Eden reviewed revenues, costs, depreciation, budget 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. President/Chairman of the Board Robison stated that the financial information was very well presented and that it included the requested variances. A motion was made to approve the monthly financials as presented. The motion was seconded and unanimously carried.

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V. REPORTS

A. 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 and variances) also was reviewed. The Member Services and Southern Division Report (with attachments), was discussed. The Member & Public Affairs Report and the communications report with various attachments also were reviewed.

B. ORECA Report

Director Combs reported on items discussed at the recent ORECA meeting. Those items were the Public Utilities Commission (PUC) issues, the upcoming legislative session, and the NRECA meetings scheduled for September.

C. Ocean Wave Energy Conference

Director Combs reported that he had attended the Ocean Wave Energy Conference held recently in Newport, Oregon. It was sponsored by Oregon State University (OSU) and the Oregon Iron Works. There are seven locations off the coast of Oregon that have been targeted as suitable for the wave energy project. Three of those locations are Brookings, Coos Bay and Reedsport. The estimated cost of ocean wave energy per kWh is 15¢ - 25¢. An ocean wave energy project has been ongoing for years in Norway and it works. The possibilities for commercial use exist. There is still a lot of research and development to put into this project. The Bonneville Power Administration (BPA) has advised that an additional 100 mW of power could be added to its transmission system without additional transmission requirements. The Federal Energy Regulatory Commission (FERC) has stated that it will be the regulatory agency for ocean wave energy.

D. Description of Duties of President/Chairman of the Board

President/Chairman of the Board Robison asked the board to consider the draft materials he had provided in the packet for discussion as to a description of the duties of the president/chairman of the board. Director Itzen offered some additional materials on the subject that he had gleaned from the National Rural Electric Cooperative Association (NRECA.) Director Radabaugh requested clarification as to some issues in the draft materials. The item of a description of the duties of the president/chairman of the board was tabled until the next board meeting and it will be discussed at the upcoming SPS.

E. Strategic Planning Session Packets

The Strategic Planning Session packets were distributed to the board.

F. Strategic Planning Session Items for Discussion

There was a brief discussion as to items to be added to the strategic planning session agenda for discussion.

VI. ACTION ITEMS

A. Safety Report

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

B. Policy Review Committee Report

Committee Chairman Grant Combs reported that the policy review committee had met this morning and had discussed the use of non-emergency company vehicles. There is a procedure concerning the use of non-emergency vehicles

that is being used and management will revise the procedure on the use of non-emergency vehicles to emphasize appropriate vehicle use. Director Combs reported that the policy review committee plans to prioritize for consideration the list of suggested policy changes.

After further discussion concerning the small number of directors that currently makes up the board, President/Chairman of the Board Robison appointed the entire CCEC Board of Directors as members of the Governance, By-Laws and Policy Review Committee with Director Combs to remain the committee chair. Director Itzen requested that some of the committee meetings be held in Brookings. It was agreed that Committee Chair Combs could coordinate some of those meetings as requested. It was agreed that there could be a meeting of the policy review committee following the SPS on August 8th in Gold Beach.

C. Proposed Disposal List

After brief discussion, a motion was made to approve the disposal list to achieve maximum value. The motion was seconded and unanimously carried.

D. Create MAC/Round-Up Program – Opt in Instead of Opt out

After a brief discussion, the creation of a member advisory committee to promote the round-up program was tabled by consensus, and President/Chairman of the Board Robison asked legal counsel to submit an opinion as to the legal ramifications of the round-up program and whether the member could be asked to opt out instead of opt in. Legal counsel agreed to submit his opinion. The board agreed that management should gather more information concerning the round-up program.

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VII. OLD BUSINESS

A. Proposed Revised Rate Schedules

1. General Service – Director Herzog stated that after reviewing the revised General Service rate schedule, he would like to ask the board to reconsider the rate change the board approved at its June meeting. Controller Frank Corrales and Member Services Manager Lauren Porsch responded to questions from the board and after further discussion the General Service rate schedule is to remain as approved.

2. General Demand Service – Director Herzog stated that after reviewing the revised General Demand Service rate schedule, he would like to ask the board to reconsider the rate change the board approved at its June meeting. GM/CEO Buehler, Controller Frank Corrales and Member Services Manager Lauren Porsch responded to questions from the board and after further discussion, President/Chairman of the Board polled the board and stated that a motion to return the rate back to the previous rate schedule would not pass. Accordingly, the General Demand Service rate schedule is to remain as approved.

B. Audit Committee Meeting with Moss Adams

President/Chairman of the Board Robison reported that he had been in communication with Julie Desimone of Moss Adams LLP and that Ms. Desimone and some of her audit group would be attending the August board meeting to report to the board and answer any questions that the board may have concerning the cooperative's recent audit.

VIII. NEW BUSINESS

A. Association Activities

There was nothing to report.

B. Ruralite Discussion – Cost of Ruralite

There was a brief discussion concerning Ruralite, the cost of publishing Ruralite, and what the readership expects from the publication. There was a question asked with respect to the cost of color in Ruralite. GM/CEO Buehler agreed to find out. It was pointed out that the annual cost per consumer is approximately \$5.00.

C. Website Update

There was a brief discussion about the website and the necessity of photos for the website and the ORECA directory.

IX. EXECUTIVE SESSION

Regular session was adjourned at 1:24 p.m. for lunch and executive session convened at 2:38 p.m. Regular session reconvened at 3:50 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. PNGC Amendatory Agreement No. 4 – After brief discussion, the board resolved to authorize President/Chairman of the Board Robison to sign the agreement as presented.

C. Sixes Rural Fire Protection District Request – After a brief discussion during which it was reported that the fire district's building was placed on the property

prior to the pole being moved to its present location, the board resolved to approve the donation of an amount to the Sixes Rural Fire Protection District equal to the cost of the relocation of the pole in question to the property line as appropriate to solve the problem of parking fire trucks in the building.

D. Member Request for Information under PB #64 – After brief discussion, the board resolved to approve the member’s request for information and the member is required to pay the costs of production.

E. PNGC Designated Membership Representative – After brief discussion, the board resolved to appoint GM/CEO Buehler as the PNGC Designated Membership Representative, and to appoint Grant Combs as the alternate PNGC Designated Membership Representative.

F. Proposed Resolution No. 616 to approve BPA Slice Litigation Settlement – After brief discussion, the board resolved to adopt Resolution No. 616 as presented.

G. Reappoint Voting Delegates to NRECA, CFC and NISC Region Meetings. After brief discussion, it was agreed that President/Chairman of the Board Robison be appointed to represent the cooperative at the upcoming National Rural Electric Cooperative Association, National Rural Utilities Cooperative Finance Corporation, and National Information Solution Cooperative regional meetings in Fairbanks, Alaska.

X. MEETINGS

The board took note of the following meetings:

August 25, 2006, CCEC Regular Board Meeting, Port Orford OR.

After discussion, it was agreed that directors Combs, Schlottmann, and Radabaugh will attend the BPA Allocation Conference in Portland in September. The board was advised that GM/CEO Buehler is to be a panelist at that conference. It was also agreed that all board members would attend the PNGC Strategic Education Program in Eugene, Oregon on August 14, 2006.

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 4:01 p.m.

/s/ Pete Radabaugh

Peter C. Radabaugh, Secretary

ATTEST:

/s/ Daryl C. Robison

Daryl C. Robison, President/Chairman of the Board