

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF  
COOS-CURRY ELECTRIC COOPERATIVE, INC.**

**May 31, 2007**

**I. PRELIMINARY**

The regular meeting of the Board of Directors of Coos-Curry Electric Cooperative, Inc. ("CCEC") was called to order at 10:15 a.m. on Thursday, May 31, 2007, by President/Chairman of the Board ("Chairman Robison") in the conference room at the cooperative's headquarters, Port Orford, Oregon. Secretary Peter Radabaugh called the roll, showing all directors present. Also in attendance were: Roger Meader, Interim General Manager/CEO ("Interim GM"); Doyle Eden, Chief Financial Officer ("CFO"); EA Dian Marple, Christine Stallard, Member & Public Affairs Director, Roland A. Johnson, Attorney; and a number of members of the cooperative.

Chairman Robison recognized members of the audience and guests. Chairman Robison also added to the agenda a report on the recent 9<sup>th</sup> Circuit Court decision affecting the Bonneville Power Administration's ("BPA") payments to investor-owned utilities on the residential exchange program; the status of the transmission line into Brookings; recommendations of the Governance, Policies and Bylaws Review Committee ("Committee"); and a review of Policy 19 relating to directors' fees and compensation.

**II. CONSENT AGENDA**

The Board had a brief discussion concerning the consent agenda. A motion was duly made, second and passed approving items A through E of the consent agenda, to wit: the minutes of the April 27, 2007, regular Board meeting and the May 3, 2007, special Board meeting; the cooperative's expenditures for April 2007; the cooperative's write-offs by district; the new memberships for April 2007, and the purge list.

**III. REMARKS & COMMENTS BY MEMBERS OF THE AUDIENCE**

Members of the audience then introduced themselves, and several made various comments and requests including: a complaint that there has been a breakdown in Board or employee confidentiality; a comment regarding the cost to the cooperative for directors attending various meeting and training sessions; self-introductions by candidates for Board positions; and a question clarifying official cooperative publications.

**IV. MONTHLY FINANCIAL REPORTS**

The Interim GM and CFO gave a brief review of the cooperative's financial reports for April 2007, including a review of Form 7, operating statements, status of funds, power and new service data and outages report. A motion was made to approve the monthly financial reports as presented. The motion was seconded and unanimously approved.

## V. OTHER REPORTS

A. The Interim GM gave his safety report for April 2007. The April 2007 safety meeting included training on accident investigations and was approved by motion duly made, seconded and carried.

B. Chairman Robison and the Interim GM reported on progress in working with NRECA and its executive search program for a general manager/CEO.

C. The Interim GM reported on the 9<sup>th</sup> Circuit three-judge panel ruling that the payments made by BPA to the investor-owned utilities, known as the Residential Exchange Program, is in violation of the Northwest Power Act. As a result, BPA has suspended future payments, and has been ordered to return payments made previously. The affected investor-owned utilities are raising their rates as well. It is likely that investor owned utilities and public power utilities will continue to attempt to negotiate a solution. In the meantime, the decision is likely to further delay the issuance of a new power rate from BPA.

D. The Interim GM reported to the Board on the status of the 115 KV transmission line into Brookings, known as the "T-line." The study indicates that a number of poles are unstable, with insulators out of alignment. Some cross arms are no longer horizontal, there are numerous splices in the line, many of the poles are very old, but many of the poles have been replaced, and there is evidence that the line was not constructed to meet industry standards. The line appears to have been built as designed but not 10 feet higher. The Interim GM recommends that an economic analysis be undertaken to determine the best alternative to correcting the problems, which could include replacing the line with steel towers on ridge tops to minimize tree trimming and right of way clearance issues, but that all alternatives should be considered.

E. The Interim GM also reported on the need to understand and study further the cooperative's legal rights and obligations under the Borax lease.

F. Director Grant Combs reported on the Committee meeting held earlier in the day. Director Combs reported on the Committee's work on the attorney policy, PB 66, the line extension policy, PB 13, the directors' insurance benefits policy, PB 57, and the desirability of a capital credits policy. Director Combs reported that the attorney policy and the directors' insurance benefits policy were revised.

G. Director Gary Schlottmann initiated a discussion on the fees paid to directors for attending board meetings, attending out of town training meetings, and participating in telephone meetings. A motion was made to revise PB #19 to reduce the fee to directors for board meetings from \$350 to \$250. The motion failed for want of a second. A motion was made, seconded and unanimously approved to revise PB 19 to reduce the fees to directors as follows: out of town training sessions, committee meetings, and meetings other than board meetings from \$200 to \$100; and telephone meetings from \$100 to \$50.

H. Director Grant Combs reported on the business of the Oregon Rural Electric Cooperative Association (“ORECA”).

## **VI. MEETINGS**

The Board announced its next regular meeting for June 23, 2007, at the cooperative’s headquarters in Port Orford beginning at 10:00 a.m.

## **VII. EXECUTIVE SESSION**

A. After a brief discussion, a motion was duly made and seconded, approving the attorney’s billing statement as presented.

B. The Board discussed further the issues surrounding the transmission line into Brookings, including a fly-over survey of the transmission line and the legal issues involved in the Borax lease. The Board directed the attorney to review the lease and to advise the Board on the legal issues.

C. The Board discussed briefly wholesale power issues, including a BPA tier two rate.

D. The Board and Interim GM discussed the status of the AMR project. Following a motion duly made and seconded, the Board authorized a continuation of the AMR program as previously planned.

E. The Board discussed several items previously assigned to the attorney for legal review, including the Brookings maintenance lighting contract, a member’s tree trimming issues, previous requests for information from Cooperative members, and the status of former General Manager Werner Buehler.

F. The Board discussed a member’s claims regarding the cooperative’s removal last year of trees growing in a distribution line right-of-way.

G. The Board reviewed a proposal from ACRT for a vegetation management study. A motion was made, seconded, and approved, with Director John Herzog opposed, that the Interim GM engage ACRT to conduct the proposed vegetation management study.

I. The Board unanimously approved a motion adopting resolutions 622 and 623 nominating the Interim GM as a director of the Pacific Northwest Generating Cooperative and of the Power Resources Cooperative.

J. The Board unanimously approved a motion adopting resolutions 624 and 625 authorizing an amendment and restatement of the NRECA Retirement Security and 401 K Pension Plans (38-021-001 & 38-021-002).

