

COOS-CURRY ELECTRIC COOPERATIVE, INC.
Minutes of the Regular Meeting of the Board of Directors
April 21, 2011

I. PRELIMINARY

The regular meeting of the Board of Directors of Coos-Curry Electric Cooperative, Inc. (CCEC) was called to order at 8:30 a.m. on Thursday, April 21, 2011 by Chairman of the Board Peter Radabaugh (Chair Radabaugh) in the conference room at CCEC's headquarters office, Port Orford, Oregon. The Secretary called the roll, showing the following directors present: Peter Radabaugh, Ed Dowdy, Cheryl McMahan, Dave Kitchen, John Herzog, Daryl Robison, and Jim Kolen. Also present were General Manager/Chief Executive Officer (GM/CEO) Roger Meader, Executive Assistant Dian Marple, and Marketing and Member Services Manager Christine Stallard. General Legal Counsel Melinda J. Davison joined the meeting at 9:05 a.m. through a Skype connection.

There was a call for items for strategic discussion.

There were no additions to the regular Agenda, and the agenda was approved.

Chair Radabaugh advised the Board that no CCEC member had applied, under P#300-030, to attend the board meeting and speak to the Board.

A motion was made, seconded, and unanimously carried to approve, as amended the minutes of the March 31, 2011, regular board meeting and as amended the minutes of the March 31, 2011, executive session.

II. CONSENT AGENDA

Following a brief discussion, a motion was made and seconded to approve Items A through D under the consent agenda, to-wit: the write-off list through 4/12/2011; the list of new memberships for 3/2011; CCEC's attorney's invoice; and the GM/CEO's & Directors' expenses for 3/2011. The motion carried unanimously.

IV. MANAGER'S REPORT

The financials were reviewed, and GM/CEO Meader gave a brief report and responded to questions from the Board. The financials presented under the manager's

report were filed for audit.

The following reports were given: outages, credit card usage, and asset disposal list.

The April 2011 safety report was reviewed by the Board. The safety meetings in April included Insulated Live Line Tools and Equipment training for the crew.

V. ITEMS OF BUSINESS

A. Wholesale Power Issues – PNGC Power/PRC/BPA

The Board and the GM/CEO held a discussion about wholesale power issues, the Bonneville Power Administration's (BPA) conservation programs, legislative issues, the Pacific Northwest Generating Cooperative's (PNGC Power) report, wholesale power supplies, water, snow pack, high water, and the Power Resources Cooperative (PRC). PNGC Power is having a good year to-date.

The GM/CEO advised the Board that the Residential Exchange Program (REP) and the REP Credit Settlement Agreement had failed due to the fact that there were not enough signers to approve the agreement.

The Ocean Power Technology (OPT) wave energy buoy was viewed by Directors Dowdy and Kitchen. Directors Dowdy and Kitchen described the buoy and Dowdy distributed drawings of the buoy. The Board held a lengthy discussion about the wave energy technology.

III. EXECUTIVE SESSION

The regular session of the board adjourned to an executive session at 9:05 a.m. to discuss potential litigation, contracts, and member issues. Legal Counsel Davison joined the meeting through a Skype connection. The executive session adjourned and reconvened into regular session at 11:08 a.m.

V. ITEMS OF BUSINESS (continued)

B. Policy Review Committee Recommendations

The chairman of the policy review committee and the Board discussed the following policies for review and/or for revision or new policies:

- Proposed, revised policies:
 - P#300-010 Rate Schedules – Rules & Regulations – A discussion

was held concerning some Dark Sky issues with individual members and with city franchises. Legal Counsel Davison clarified some language relating to the policy and the three city franchise agreements. A motion was made, seconded, and unanimously carried to approve, as written, proposed, revised P#300-010 Rate Schedules – Rules & Regulations.

Legal Counsel Davison departed the meeting at 11:20 a.m.

- Proposed for Board Review – per Policy Review Schedule:
 - P#100-120 Selection of Consultants, Contractors, & Material Purchases – Following a review and discussion, a motion was made and seconded to approve, as written, P#100-120 Selection of Consultants, Contractors, & Material Purchases. The motion carried, with 4 YES votes and 2 NO votes. Director Dowdy cast a NO vote.
 - P#100-130 – Damage to Cooperative Equipment – Following a review and discussion, a motion was made and seconded to approve, as written, P#100-130 Damage to Cooperative Equipment. The motion carried, with 5 YES votes and 1 NO vote. Director Dowdy cast the NO vote.
- Proposed, revised policies:
 - P#200-010 Directors' Fees – Following a review and discussion, a motion was made, seconded, and unanimously carried to approve, as amended, proposed, revised P#200-010 Directors' Fees.
 - P#300-010 Rate Schedules – Rules & Regulations – This policy was approved earlier in this meeting.
 - P#400-030 Fitness for Duty – A motion was made and seconded to approve, as written, proposed, revised P#400-030 Fitness for Duty. The motion carried unanimously.
- Proposed, revised rate schedule:
 - Area Lighting and Public Street Lighting Service – The rate schedule needs no revision so no action was taken.

C. SCADA Demonstration

CCEC's Manager of System Planning & Engineering Andrew McBride was invited to attend the board meeting at 12:50 p.m. McBride gave a Power Point presentation on Supervisory Control and Data Acquisition (SCADA), which is a dashboard of substation equipment. McBride talked about substation field devices, communications, dispatching, intelligent electronic devices (IED), the differences between satellite and radio communications, reliability issues, view of dispatch station computer screens, loads, and peak demand. McBride continued to speak about planning and projections, and a discussion was held concerning the qualifications, skills, and job description needed for a potential dispatcher and what a dispatcher may be required to do. McBride and GM/CEO Meader responded to questions from the Board.

D. Ten-Year Financial Forecast - continued

CFO Frank Corrales, Jr. arrived at the meeting at 1:43 p.m. The GM/CEO talked about CCEC succession planning. CFO Corrales presented 30 scenarios, using projections and assumptions, and asked the Board to consider making five decisions: defer 2011 revenue and PNGC credits to future years; target TIER at 1.8 or 1.5; capital credits rotation of 30, 25, or 20 years; succession planning; and the expected BPA rate increase and CCEC rate increase.

CFO Corrales, GM/CEO Meader and the Board discussed the benefits and the disadvantages of deferring revenue and PNGC credits to future years, a short-term target TIER of 1.8 or 1.5, and a capital credits rotation of 30, 25, or 20 years. Following a lengthy discussion and many questions, the Board agreed, by consensus, to defer revenue and PNGC credits to future years, to select a short-term target TIER of 1.5 for 3 years, and to select a capital credits rotation of 25 years. Additional discussion was held concerning two remaining options #5 and #7, succession planning, the expected BPA rate increase of 8.5% on October 1, 2011, and a rate increase for CCEC. A motion was made and seconded to approve option #5, additional discussion ensued and the motion failed due to a tie vote. A motion was made and seconded to approve option #7, additional discussion ensued and the motion failed due to a tie vote. A motion was made and seconded to approve option #7 as modified, allowing a 2% rate increase on October 1, 2011 to offset the BPA rate increase, and controlling future succession planning and rate stabilization. The motion carried with a vote of 4 YES votes and 2 NO votes. Director Robison cast a NO vote.

E. 2011 CCEC Annual Meeting - update

The Board was given an update on the plans for the 2011 CCEC Annual Meeting. The annual meeting packets to the members have been mailed and ballots are being returned to CCEC. The Energy Conservation Fair has 14 vendors and exhibitors registered to participate. The American Red Cross blood drive, the set up of the event, counting board, door prizes, and giveaways were mentioned.

F. Board Strategic Planning Session - schedule

A board and management Strategic Planning Session has been scheduled for July 11, 2011, and the facilitator has been engaged. Notice of date, time and location has been sent to the board and upper management.

G. Norway Substation Equipment Bids

The bids for the Norway substation equipment have been received. CCEC Engineer McBride stated that although he had some past experience with one of the companies that submitted the two lowest bids, he wanted to do some additional due diligence in checking out the two companies and their bids. GM/CEO Meader asked the Board to allow staff to choose either of the two lowest bids after staff completes their review of the two lowest bids. The Board agreed, by consensus that after McBride has completed his due diligence comparisons of the two lowest bids, to allow management to choose one of the two lowest bids for the Norway substation equipment.

H. Radio System Upgrade

GM/CEO Meader presented and explained his various reasons for recommending that the radio system upgrade be added back into the budget. The satellite system is causing some problems with data reporting with the AMI system. Engineer McBride advised that disaster planning is another reason to implement the radio upgrade. The improvement in the data rate will improve the meter re-reads and there will be fewer misreads. There will be lower maintenance with the radios, and the WECC requirements issues should be considered. The radio system upgrade will also make our communication system more reliable during major storms and disasters.

A motion was made and seconded to approve the Radio System Upgrade and the budget addition as requested. Following additional dialogue and questions, the motion carried unanimously.

I. Miscellaneous Business Issues

There were no miscellaneous business issues for discussion.

