

**Tanner Electric Cooperative
Board Meeting Minutes
February 21, 2009**

The President of the Board of Directors called the meeting to order at 9:00 am at the North Bend office. Present at the meeting were Tim Moore, Julie Fromm, Mike Hodge, Jeff Cook, Susan Serrette-Egan, Jeff Gillette, Jim Singer. Directors Roger Guay and Randy Anderson participated via conference call. Others present were General Manager, Steve Walter, CFO, Rob Carr, Operations Manager, Glen Livengood, Attorney, Joel Merkel, and Bob Schneider, P.E. of D.Hittle & Associates, and Administrative Assistant, Lisa Peabody.

Regular Business (Open Session)

General Manager's Comments

The Manager's comments and actions he has taken since the Anderson Island cable failure were discussed. Also, at this time Bob Schneider, P.E. of D. Hittle & Associates, reported to the Board on the cable failure on Anderson Island. Bob discussed with the Board his assessment related to the cable fault location, permitting, repair/splice timeline, and long term perspective on cable replacement.

Area Reports

Ames Lake-No concerns at this time

North Bend-No concerns at this time

Anderson Island- Cable failure

Unfinished Business (Closed Session)

Consent Agenda

Motion: To approve the items on the consent agenda, motion seconded and carried.

Approval of the Minutes

Motion: To approve the minutes as amended, motion seconded and carried.

Summary Minutes for Ruralite

Motion: To approve the minutes for the Ruralite, motion seconded and carried.

CFC Securities

Motion: To recend the prior motion to participate in CFC member securities, motion seconded and carried.

Resolution 09-175 Emergency Surcharge - Anderson Island Generator Rates

Motion: To temporarily adjust the price of electrical power for service to members on Anderson Island due to the rental and fuel costs of two diesel generators needed to restore power to the Island. Pursuant to Article IV, Section 2 of the Bylaws, the Board of Directors of Tanner Electric Cooperative is responsible for setting the price at which electric power shall be sold and is authorized to raise or lower the price when such a change is necessary to properly operate the business affairs in a fiscally responsible manner. The Cooperative's rates for service on Anderson Island shall be:

Energy charge up to 600 kwh per month	\$ 0.147 per kwh
Energy charge over 600 kwh per month	\$0.2205 per kwh

The General Manager has been directed by the Board to implement the foregoing rates as of February 3, 2009 until the generator power is removed, motion seconded and carried.

NRU LLC

The Board President and legal counsel, Joel Merkel, attended the recent NRU LLC meeting and reported to the Board that no action will be taken until the April meeting.

SCADA Update

The engineering firm of Brown & Kysar has determined there are a few issues standing in the way of completing the SCADA installation at the Tanner North Bend substation. They recommended upgrading the PCD's faceplates and firmware to a version that will be responsive to RAI's protocols.

Motion: To increase the line item in the budget related to SCADA by \$15,500.00 due to a new CPU ROM is needed, motion seconded and carried.

New Business

2009 ACRE

The Manager discussed the importance of the ACRE program. Tanner anticipates 100% participation by the Board of Directors and management.

A Member's request for Tanner documents

A member from has requested to view certain Tanner financial documents. This request was discussed by the Directors and is under Board review. Our attorney, Joel Merkel, will draft a new policy related to members' requests of Tanner information or documents. The policy will be on the agenda for review and discussion at the March meeting.

Amend the Bylaws-Resolution No. 09-173 RUS Notification

Motion: To approve the amending of the Bylaws of Tanner Electric Cooperative whereas, until December 2007 Tanner was an RUS borrower. In December 2007 the cooperative prepaid all of its RUS loans and mortgages and became a 100% CFC borrower. As a CFC Borrower the RUS notification 90 days prior to a rate change is no longer required. The Board of Directors of Tanner Electric Cooperative deems it in the interest of the Cooperative to amend the Bylaws of the corporation to delete Article X, section 4 entitled "Change in Rates", and Article XI section 4, entitled "Accounting Systems and Reports", and Article IX, section 6 entitled "Area Coverag." Article XIII entitled "Non-Discrimination" was also amended, motion was seconded and carried.

Resolution 09-174-Contract approval-D.Hittle & Associates

Motion: To approve the resolution for the execution of an engineering service agreement between Tanner Electric Cooperative and D. Hittle & Associates on an emergency basis to diagnose the cable failure on Anderson Island. The Board deems it to be in the best interest of Tanner to authorize the General Manger to enter the agreement, and shall be retroactive to the date signed by the General Manager of Tanner and an authorized representative of D. Hittle & Associates, motion seconded and carried.

Emergency Funds

Motion: To authorize the Emergency funds be moved back to the general fund to be used to pay for some the costs incurred by the cable failure on Anderson Island, motion seconded and

carried. At a later date, the Board will discuss how to replenish the funds back to the Homestead account.

Financial/Budget Review

The financial reports and 2009 Budget were reviewed and discussed.

2009 Rate Increase

The General Manager presented several new rate increase scenarios to the Board for their review and approval. After an extensive discussion, the Board agreed on a rate increase for all residential and commercial accounts. **Motion:** To approve a new rate increase for Tanner Electric Cooperative, motion seconded and carried. Tanner's attorney will draft a resolution to reflect the changes in rates. The new rates effective on the May 1st 2009 billing will be as follows:

Residential	Facility Charge	\$14.50
	All KWH	\$0.0795 per kwh
Small Commercial	Facility Charge	\$14.50
	Up to 20,000KWH	\$0.0735
	Over 20,000 KWH	\$0.0635
	Over 40 KW	\$6.00 KW
Large Commercial	Facility Charge	\$29.50
	Up to 20,000KWH	\$0.0700
	Over 20,000 KWH	\$0.0600
	Over 40 KW	\$6.00 KW

Other Business

Meeting Adjourned-The Tanner Electric Board of Directors' meeting was adjourned at 4:30pm. The next meeting is scheduled for March 17, 2009 5:00pm at the North Bend Office.