

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

Cable Replacement Planning Meeting 3:00pm-6:00pm

Brown & Kysar Engineering and Hittle & Associates

Both engineering firms prepared cable replacement presentations for the Board to review. The Board will make a decision on which engineering firm will be contracted to install a new submarine cable to the Island.

The President called the Board of Director's meeting to order at 7:00pm in the North Bend office. Present at the meeting were Directors Tim Moore, Julie Fromm, Mike Hodge, Jeff Cook, Roger Guay, Susan Serrette-Egan, and Jim Singer. Also present were General Manager, Steve Walter, CFO, Rob Carr, Operations Manager, Glen Livengood, Attorney, Joel Merkel, and Administrative Assistant, Lisa Peabody. Director Randy Anderson participated via conference call. Director Jeff Gillette was absent.

Regular Business (Open Session)

Manager's Comments

The Manager invited the Directors to attend the WRECA annual meeting that is scheduled for June 8th, 9th, and 10th.

It was reported there has been positive feedback by BPA regarding Tanner's letter of request for a new point of delivery for Anderson Island.

After a discussion, the Board agreed Tanner should continue to participate in the Rotary golf tournament being held in July.

Operations Report

The Operations Manager informed the Board of an accident while installing a new transformer at a new commercial facility in North Bend. No serious injuries were reported. Damages were estimated at \$7,500.00. A new safety policy will be put in place for cranes, derricks, and hoisting equipment. A copy of the policy was distributed to the Directors for their review.

It was also reported that Federated Insurance conducted their annual audit at Tanner Electric early in April. They were pleased to only find 3 minor items that needed attention.

Area Reports or Concern

Ames Lake - No concerns at this time

North Bend - No concerns at this time.

Anderson Island - No concerns at this time

Unfinished Business (Closed Session)

Consent Agenda

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

Reading and Approval of the Minutes

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

Summary Minutes for Ruralite

Motion: To accept the summary minutes for Ruralite as amended, motion seconded and carried.

Multiple Meter Policy Resolution 09-178

Tanner's Attorney drafted an amendment to Tanner's rates and customer service policies regarding multiple meters on a property. This policy will be in effect on the May 1st billing cycle.

Motion: A motion was made and seconded to accept the policy as written, motion carried.

Scholarship Winners

All scholarship applications received were reviewed by the scholarship committee. The three winners are Mackenzie Mercurio on Anderson Island, Nikki Armstrong at Ames Lake, and Brooke Moorhead in North Bend. They will be acknowledged at the annual meetings and each receives \$500.00 paid directly to their college of choice.

Tier II products

The Manager and Attorney for Tanner Electric informed the Board about the latest information on the NRU LLC. Tanner must make a commitment of 50% to Tier II power. Management will continue to research this option with other coops involved in the NRU LLC.

New Business

Financials/Budget Review

The monthly and year to date financials were reviewed and discussed.

- a) **Line of Credit** -The CFC line of credit has been expended due to the Island cable failure expenses. CFC is working on putting together a loan package for the future needs of Tanner.
- b) **Sub cable repair costs/ Cost of service study** -A summary of the cable repair costs were presented to the Board for review. The Board will review and discuss all the options before deciding how to prefund for the new cable replacement project.
- c) **Draft Audit Opinion and Report (handout)** -The audit report drafted by Kenneth Kuhns & Co was distributed to the Board for discussion. The report concluded Tanner Electric received a clean audit for 2008 and resolved the issues for 2007.
- d) **Member "self reads" on Anderson Island** - The Board discussed the option of using self meter reads called in by members after the generators went offline. It was decided to use the date of March 31st as the proration date for the tiered rates that will be calculated in the upcoming bill cycle.

***Motion:** A motion was made and seconded to not use the self reads submitted by the members after the generators went offline. The Board advised the management to follow the same methodology as before when calculating the rates for the billing, motion carried.*

Resolution of Recognition and Appreciation 09-179

A letter of recognition was drafted and signed by the officers of the Board of Directors for Tanner Electric Cooperative.

The Board of Directors of Tanner Electric Cooperative hereby recognizes the invaluable effort and contributions of its employees, and of local, state and federal agencies and of its elected representatives toward responding promptly and effectively to the emergency caused by the cable failure and resultant outage on Anderson Island; and On behalf of the Board of Directors of Tanner Electric Cooperative and the residents of Anderson Island, the Board expresses its sincere and heartfelt appreciation to the employees of Tanner and to all involved local, state and federal agencies and to all of our elected officials for their support and assistance and their efforts in responding to this emergency. Approved and dated this 21st day of April, 2009.

Motion: A motion was made and seconded to approve resolution 09-179, motion carried.

Anderson Island Submarine Cable

The Board of Directors for Tanner Electric Cooperative would like to recognize for the record, the cooperative will proceed with planning to replace the cable subject to funding and timeline.

***Motion:** To proceed with engineering and planning to replace the submarine cable to Anderson Island, motion carried.*

***Motion:** To accept the proposal from Hittle & Associates to do a geological/ topography study on the replacement cable project for Anderson Island, not to exceed \$65,000.00 and giving the General Manager authority to negotiate with Hittle & Associates concerning this matter, motion was seconded and carried. Brown & Kysar Engineering & Consulting will remain Tanner Electric's distribution engineering firm.*

Meeting Adjourned - The President adjourned the regular meeting at 9:30 pm. The next scheduled Director's meeting will be after the annual meeting on May 16th at Anderson Island.

Executive Session