

**MINUTES
GENERAL BOARD MEETING
SEPTEMBER 29, 2011
FERGUS ELECTRIC COOPERATIVE, INC.**

1. **GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session September 29, 2011 with VICE PRESIDENT DAVID DOVER calling the meeting to order at 9 a.m. STEVE BALSTER was secretary and VANGIE McCONNELL was scrivener. Other board members present were, JOE DIRKSON, TERRY FROST, JASON SWANZ and MIKE VLASTELIC. CORPORATE COUNSEL WILLIAM A. SPOJA, GENERAL MANAGER SCOTT SWEENEY and ASSISTANT MANAGER MIKE STANLEY were also present. The Pledge of Allegiance was recited.
2. **TIME FOR MEMBER INPUT.** The Board noted the regular time for member input relative to any issue of interest or importance to them. No member appeared at this meeting.
3. **APPROVAL OF MINUTES OF PREVIOUS MEETING.** After reviewing the minutes of the August 31, 2011 general meeting and discussing them, STEVE BALSTER moved their approval. TERRY FROST seconded the motion which carried unanimously.
4. **BEARTOOTH ELECTRIC COOPERATIVE'S ANNUAL MEETING.** MANAGER SWEENEY reported that he and TERRY FROST had attended Beartooth's annual meeting in Red Lodge September 24. They gave an overview of the proceedings.
5. **FERGUS ELECTRIC RATE DISCUSSION.** Some discussion covered several rate scenarios.
6. **SME.** JOE DIRKSON reported on the ground breaking ceremony that took place at the Highwood Generating Station September 15 and the SME meeting in Great Falls September 14. He also noted that NOX emissions at full load on the station are 50% less than the Air Permit allows.
7. **SOUTHERN MONTANA G & T.** JOE DIRKSON reported on the proceedings of the September 16 meeting in Billings. A lengthy discussion centered on a possible wholesale power rate increase that, if implemented, would become effective this fall. Also, a discussion on the Beartooth Annual Meeting in regard to the three new board members and their future involvement with Southern took place.
8. **CAPITAL CREDIT ESTATE RETIREMENTS.** The September capital credit retirements of \$9,929.13 and reissued retirements of \$451.73, prepared by SUSAN HINKLEY, were reviewed by the Board. TERRY FROST moved their approval and MIKE VLASTELIC seconded the motion, which carried unanimously. A copy is attached.
9. **FINANCIAL AND OTHER MONTHLY REPORTS.** GENERAL MANAGER SCOTT SWEENEY presented financial and other monthly reports to the Board for their perusal and discussion. Included in the items thus seen were the following: The August operating report prepared by SALLY HORACEK, analysis of operating statistics prepared by MIKE STANLEY, the July and August work order reports prepared by JANINE RIFE DIDIER, delinquent account status and new member list prepared by ERIKA MATTALIANO, and checks drawn. Other topics were also discussed.
10. **APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work Orders Nos. 519-519X for \$27,831.70 and 519-519X (A) for \$10,885.88 ending August 31, 2011, JOE DIRKSON moved their approval. JASON SWANZ seconded the motion which carried unanimously.
11. **THIRD QUARTER BAD DEBT WRITE-OFF.** After a brief discussion, JASON SWANZ moved to approve writing off \$1,535.72 in bad debt and to continue with collection procedures outlined in board policy. MIKE VLASTELIC seconded the motion, which carried unanimously. A list is attached.
12. **OPERATIONS REPORT.** The Board considered the 09/22/2011 report prepared by LINE SUPERINTENDENT DALE RIKALA outlining operations and maintenance, engineering and safety. The August safety meeting took place September 7 which included an update from NRECA FIELD REP MIKE STIFF and the September 28 safety meeting covered D.O.T. load securement, safety vs. risk assessment, and chain saw safety led by GORDON McCONKEY of MECA.
13. **POWER OUTAGE REPORT.** A report covering power interruptions for January through August, prepared by VANGIE McCONNELL, was reviewed by MANAGER SWEENEY and the Board.
14. **REPORT OF LEGAL COUNSEL.** CORPORATE COUNSEL SPOJA reported that, among other things, he worked on issues regarding the Highwood Generating Station and Southern Montana G & T.
15. **SOUTHERN MONTANA G & T PREPAYMENT.** After an explanation by MANAGER SWEENEY, STEVE BALSTER moved to allow a pre-payment of \$100,000 on Southern's power bill. JOE DIRKSON seconded the motion which carried unanimously.

16. **SERVICE TRUCK PURCHASE.** MANAGER SWEENEY reported that LINE SUPERINTENDENT DALE RIKALA wishes to replace a 2004 Ford one ton service truck that continually breaks down. Since it is not in the budget, SWEENEY requested Board approval. JOE DIRKSON moved to authorize the purchase of a service truck. STEVE BALSTER seconded the motion which carried unanimously. The budgeted dollars for a storage building will be used to purchase the new service truck.

17. **SIGNAL PEAK ENERGY, LLC.** MANAGER SWEENEY noted that DAVID DOVER, STEVE BALSTER and he would meet with JOHN DeMICHEL, Signal Peak president, regarding rates and other subjects.

18. **COMPASS WIND.** Compass Wind is making plans to build a 40MW Spion Kop wind farm to sell to NorthWestern Energy. It appears they will not pursue the Dunn Mountain project. They have paid Fergus Electric the amount billed for work they requested.

19. **SOUTH MOCCASIN FIRE.** ATTORNEY MAX DAVIS contacted MANAGER SWEENEY noting that he had reached a settlement with attorneys for JENNI and PHILLIPS. There would be no trial in regard to the South Moccasin Fire.

20. **OPERATIONS CONFERENCE.** MANAGER SWEENEY reported that at the conference September 19-22, managers, line superintendents and linemen were asked to critique their co-op's safety efforts. He said the safety assessment exercise was prompted by Federated Rural Electric Insurance.

21. **NET METERING.** Discussion covered net metering – renewable, small scale, on-site generation sources that may be of interest to some members. MANAGER SWEENEY pointed out that the true-up date would move from December 31 to March 31.

22. **FEDERATED REGION 9 DELEGATE.** STEVE BALSTER moved to appoint MIKE VLASTELIC as Fergus Electric's voting delegate to Federated's annual meeting at the NRECA Region 9 meeting in Denver October 12-13. JOE DIRKSON seconded the motion which carried unanimously.

23. **BIG FLAT ANNUAL MEETING.** DAVID DOVER and SALLY HORACEK will attend Big Flat Electric Cooperative's annual meeting October 8 in Malta.

24. **U.S. BANK ONE CARD VISA.** MIKE VLASTELIC moved to approve a VISA charge card offered through National Rural Utilities Cooperative Finance Corporation for MANAGER SWEENEY. JOE DIRKSON seconded the motion which carried unanimously.

25. **FUTURE MEETINGS.** NRECA Course 974.1 – Rate Strategies for 21st Century Challenges,
Great Falls, October 3
MECA Annual and Today's Members Program, Great Falls, October 3-6
Big Flat Electric Annual Meeting, Malta, October 8
NRECA Region 7 & 9, Denver, Oct. 12-13
SME, Billings, October 20
Southern, Billings, October 21
FEC Board, October 26
YVEC Lawsuit, Judge Baugh, November 9
MECA Winter Board, November 30 – December 1
FEC Board, November 30
FEC Board, December 29 or January 4

26. **NEWS FROM THE DISTRICTS.** Each director shared items of concern to the Board.

27. **MEETING ADJOURNED.** With no further business to come before the Board, VICE PRESIDENT DAVID DOVER adjourned the general meeting at 4 p.m.

SECRETARY



ATTEST:

PRESIDENT

