

Colorado 39 – Kit Carson
K.C. Electric Association, Inc.

MINUTES OF REGULAR MONTHLY MEETING
OF
THE BOARD OF DIRECTORS OF K.C. ELECTRIC ASSOCIATION, INC.

A regular meeting of the Board of Directors of K.C. Electric Association, Inc. was held in the Hugo office of the Association, on Tuesday, May 24, 2011 at the hour of 4:00 p.m. The meeting was called to order by President Kevin Penny. The following Members were present and constitute a quorum:

Luanna Naugle	Kevin Penny	Robert Bledsoe
Dan Mills	Marvin Thaller	Dave Ritchey

Also present were General Manager Tim Power, Operations Manager Larry Shutte, Office Manager Chance Briscoe, Line Superintendent Paul Norris and employee guest Kristie Constance.

Approval of Minutes: It was moved, seconded and unanimously approved to accept the minutes for the April 26, 2011 meeting of the Board, with the correction of the starting time of the May 24, 2011 meeting from 7:00 p.m. to 4:00 p.m.

Next Meeting Date: The date for the next regular monthly meeting will be held on Tuesday, June 28, 2011, at 4:00 p.m., in the Stratton office of the Association.

Public Comments: There were no public comments.

Check Register Review: The check register of the Association for April 2011 was reviewed.

Ratification of Prior Action of the Board of Directors: There were no prior actions to ratify.

Emergency Additions and Announcements: President Penny informed the Board the need to add an emergency item to reaffirm the request made at the April Board meeting by Mr. Shutte for a new truck. The following resolution was motioned, seconded and unanimously approved:

“BE IT RESOLVED: That staff is authorized to negotiate the purchase of a cab and chassis from Burlington Ford and an aerial unit from Layton, including a trade-in.”

There were no additional emergency items.

Operational Policies: After review and discussion the following resolution was motioned, seconded and unanimously approved:

“BE IT RESOLVED: That policies 114, 426, and 427 are approved as presented.”

Location and Date of the 2012 Annual Meeting: After review and discussion of past locations the following resolution was motioned, seconded and unanimously approved:

“BE IT RESOLVED: The location of the 2012 Annual Meeting of the Members of K.C. Electric Association, Inc., will be held in Kit Carson, Colorado on June 7, 2012.”

Special Equipment Summary: After review and discussion the following resolution was motioned, seconded and unanimously approved:

“BE IT RESOLVED: That the Special Equipment Summary is hereby approved.”

General Manager’s Report: Mr. Power gave a report and answered Board questions on the following topics:

- a. Tri-State manager meeting update including new rate structure discussion.

- b. ECM meeting update.
- c. Interconnect and Net Metering procedures and state law.
- d. AMI pilot projects with Tantalus and Sensus.
- e. Potential new compressor load near Hugo, Colorado.

Staff Reports: The staff made the following reports and answered Board questions:

- a. Mr. Briscoe presented a slideshow of the financial operations for April 2011.
- b. Mr. Norris reported a First Report of Injury to a lineman during the storm restoration in April, reviewed safety meetings, reviewed voltage demonstrations for the Burlington Elementary School and the Boy Scouts attending Camporee, and reported there were no Loss Control Committee Activities.
- c. Mr. Shutte reviewed the tree trimming progress, demand load during the April snow storm, attendance of personnel at Hotline School, his final year as President of Mesa Hotline School, and the outage report for April 2011.
- d. President Penny noted Mr. Orrell was not present and the Board reviewed Mr. Orrell's written report in the meeting packet.

Reports on CREA and Western United: Mr. Mills gave a brief report on the following topics:

- a. CREA: Mr. Mills called the Board's attention to the CREA News and Information under tab 7 of the meeting packet. Mr. Mills did also inform the Board about the Colorado Meth Project looking for funding at the local level.
- b. Western United: Mr. Mills reported the financial condition is good. An evaluation of the CEO of Western United was conducted. A warehouse was approved for New Mexico/Arizona to be built in Albuquerque, New Mexico.

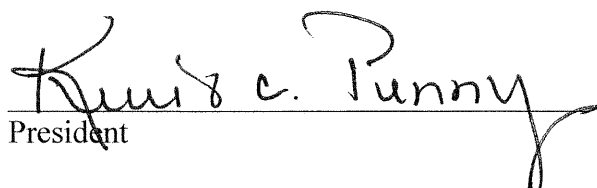
Tri-State Report: Mr. Bledsoe called the Board's attention to the report under tab 9 of the meeting packet, including:

- a. Tri-State Financial Condition.
- b. Environmental Rules.
- c. Hydro Generation Purchases from Loveland Area Project.
- d. General Manager performance evaluation.
- e. Strategic Planning.
- f. Rate Design.
- g. Miscellaneous News.
 - 1) K.C. Electric pays 14.16 mills/kwh for compliance, regulatory and environmental costs in Tri-State's monthly power bill.
 - 2) Possible 3%-5% rate increase coming for 2012.
 - 3) Cost of wind power from Burlington is about \$65/MWh.
 - 4) Cost of solar power from Cimarron is about \$132/MWh.
 - 5) Tri-State was unsuccessful in its bid for the RFP for the City of Raton
 - 6) North Platte River Basin is 175% of normal snow fall.
 - 7) Glenn English will step down as the CEO of NRECA.

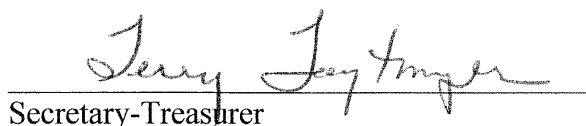
Miscellaneous Business: There was no miscellaneous business.

Adjournment: President Penny declared the meeting adjourned at 7:00 p.m.

APPROVED:



 President



 Secretary-Treasurer