

MINUTES OF A SPECIAL MEETING  
OF  
THE BOARD OF DIRECTORS OF K.C. ELECTRIC ASSOCIATION, INC.

A special meeting of the Board of Directors of K.C. Electric Association, Inc. was held in Stratton, CO, on Tuesday, October 25, 2011 at the hour of 2:00 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	Terry Tagtmeyer
Dan Mills	Jim Michal	Dave Ritchey	Marvin Thaller

Also present were General Manager Tim Power, Operations Manager Larry Shutte, CFO Chance Briscoe, Line Superintendent Paul Norris, and Member Service Representative Ben Orrell.

Rate Tariffs: The purpose of this special meeting was for discussion of the proposed Rate Tariffs to be effective as of the February 2012 billing.

After calling the meeting to order, President Penny turned the meeting over to General Manager Power who opened the discussion with a recap and review of the presentation made to the Board during the Regular Board Meeting in September 2011. General Manager Power reminded the Board of the rate increase coming from Tri-State for wholesale power purchases in 2012 and the expected increase and rate structure changes likely to occur in 2013. The Board considered and questioned management's recommendation of an overall system increase in rates of approximately 2.5%.

After initial discussion of the overall rate increase for 2012, the board considered each class individually and the recommended rate increase per class. Among other things, the discussion included the consideration of subsidization between rate classes whereby the residential rate classes are subsidized by all other classes; consideration of the increase applied to the energy rate, the facility charge or to both; the allocation of the revenue requirement between the classes; and the impact of the proposed rate increase on each class.

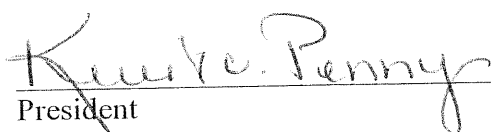
No action of the Board was taken on the Rate Tariffs during the special meeting of the Board.


Sensus and NRTC Presentation: Upon conclusion of the rate discussion, two representatives from NRTC were allowed to give a presentation to the Board regarding the current Sensus AMI project. It was expressed to the Board that Jerry Titus of NRTC had resigned and Fred Grantham has replaced him. Fred was introduced and gave a brief summary of his qualifications and experience as the previous General Manager of Morgan County Rural Electric in Fort Morgan, CO. Also introduced was Dick Martin from NRTC who gave the presentation to the Board. Among other things, Mr. Martin reviewed NRTC's mission to supply technology to the cooperative industry, NRTC's relationship with Sensus, and a few options for KC Electric to consider when expanding deployment of AMI infrastructure and meters.

No action of the Board was taken on the Sensus project during the special meeting of the Board.

Adjournment: President Penny declared the meeting adjourned at approximately 4:40 p.m.

APPROVED:

  
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President

  
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Secretary-Treasurer