



**12:00 Strategic Planning Meeting – Lunch
Will be Served**

2 PM - Gerry Lawlor, T-Mobile

**BOARD OF DIRECTORS MEETING
August 27, 2018 at 3:00 PM**

AGENDA

1. Meeting Called to Order
2. Determination of Quorum
3. Approval of Agenda
4. Approval of Consent Agenda (**Tab 2**)
 - a) Minutes from July 23, 2018
 - b) New Members
 - c) July 2018 – Form 7
 - d) Statement of Operations
 - e) Cash Flow
 - f) Capital Expenditures by Project
 - g) Cap Ex / O&M Labor Distribution
 - h) Revolving Loan Fund
 - i) Power & Service Data
 - j) Outage Report
 - k) PNGC Newsletter
 - l) WRECA Newsletter
5. Committee Reports
None
6. Meetings Attended

- a) PNGC Board Meeting – August 6th & 7th –
Portland – David and Dale

7. Meetings to Attend

- a) PNGC Monthly Meeting – September 4th & 5th
– Portland – David
- b) WRECA Legislative Committee Meeting with
PUDs - September 13th – Pasco - David
- c) WRECA Board Meeting – September 18th –
Spokane - David
- d) PNGC Annual Meeting – Oct. 1st and 2nd –
David, Alan, Chuck, John
- e) CFC IBEC Forum – Amelia Island, Florida –
Nov. 5th to 7th - Lynn

8. General Managers Report (Tab 3)

- 1) Office Update
- 2) Operations Update
- 3) Propane Update

ITEMS OF BUSINESS

- 1) Kent Lopez, WRECA
- 2) 2019 Tree Trimming/ROW Clearing Proposal
- 3) 2019 Rate Increase
- 4) Nomination Committee Members
- 5) Form 990 Review (**Copies available before
Board Meeting**)
- 6) Request for Detail of Board Expenses for the
Last Five Years

MEMBER COMMUNICATIONS

EXECUTIVE SESSION

- 1) Capstone Solutions Solar Project Update
- 2) Litigation Update



BOARD MEETING

July 23, 2018

Present: Curtis Edwards, Sara Carlberg, Ray Peterson, Dale Sekijima, John Kirner, Alan Watson and Chuck Armstrong.

Attending: David Gottula; General Manager, Lynn Northcott; Assistant General Manager/CFO, Glenn Huber; Operations Manager, Tracy McCabe; OCEI Propane Manager and Teri Parker; Office Staff.

Members in Attendance: Jeff Hardy & Maria Converse; Methownet, and Michael Murray; member.

PRELIMINARY

1. MEETING CALLED TO ORDER

President Curtis Edwards called the meeting of the Board of Directors of Okanogan County Electric Cooperative, Inc. (OCEC) to order at 3:04 pm.

2. DETERMINATION OF QUORUM

A quorum was present.

3. APPROVAL OF AGENDA

Agenda approved by Board consensus.

4. APPROVAL OF CONSENT AGENDA ITEMS

Curtis Edwards noted one (1) correction to the June 25, 2018 minutes: Ray Peterson was listed as Present and Absent. Minutes corrected to reflect that Ray Peterson was absent.

The Consent Agenda was approved as amended by Board consensus.

5. COMMITTEE REPORT

No report.

6. MEETINGS ATTENDED

- a. PNGC Board Meeting – July 3rd & 4th – Portland – Dale

Dale reported that Beth Looney; PNGC CEO, has resigned. The Interim CEO named is Greg Delwiche. PNGC will begin a search for a new CEO.

7. MEETINGS TO ATTEND

- a. PNGC Monthly Meeting – August 6th & 7th – Portland - David
- b. PNGC Annual Meeting – Oct. 1st & 2nd – David and Interested Board Members

Meetings Not Attending

- a. NRECA Regional Meeting – Anchorage AK – September 25th to 27th
- b. CFC IBEC Forum – Amelia Island FL – Nov 5th to 7th

8. GENERAL MANAGERS REPORT

Power costs attached and reviewed.

David thanked the Board and his management team for their work during his vacation absence.

1. Office

Lynn Northcott reported that the final 2014 and 2015 FEMA documents have been completed and turned in. OCEC will see an additional payment of approximately \$54,000.

Lynn stated the June financials do not include the BPA Spill Charge of \$3219.00 which will be included in July's financials. The revised bill came in after the June financials were complete.

Lynn received a phone call from an OCEC neighbor requesting OCEC write a letter to the Health Department to help in getting a recent house fire debris cleaned up. The fire was behind our office on the Rendezvous Road. Lynn responded OCEC should give the owners a little more time before action should be taken.

2. Operations Update

Glenn Huber reported that OCEC would not be connected to the new PUD line, for power redundancy, by November as anticipated. We do expect that the work can be completed by BPA in the spring of 2019.

Per Federal EPA regulations, BPA must do an environmental assessment with a 120-day comment period before they can move forward with their part of the project.

The Board directed David to inform the membership of the delay.

Glenn also informed the Board that he is over budget for transformer purchases to date.

3. Propane Update

Tracy McCabe reviewed operations and the Bulk storage status. Further reviews will be given in Executive Session.

ITEMS OF BUSINESS

1. Methownet.com

Jeff Hardy & Maria Converse, owners of Methownet.com, discussed their business model, goals, and the current Internet environment – locally and otherwise. They noted they've had 15-years of steady growth.

Discussion topics reviewed and presented included:

- Short-term projects including service extensions and equipment upgrades including new technology to allow access to areas they previously could not serve.
- Long-Term goals include supplying base-line internet and Fiber to the customer base from Winthrop to Lost River.
- Obstacles could include: access points for equipment installation, staffing for administration of grants or loans, easement concerns and general practicalities of facilities and installations.
- How can the Cooperative partner with Methownet.com in providing reliable service to the Methow Valley.
 - Extending fiber on Cooperative Lines
 - Access Points with a rate class similar to yard lights
 - Conduit in ditches

The Board thanked Jeff & Maria for their presentation.

2. Review of Policy 30-155 New Single Large Loads

Reviewed and discussed.

Dale asked if this draft supports the pending Large Load request. David confirmed that it does, in addition to the Large Load policy already in place.

Alan Watson moved to accept Policy No. 30-155 New Single Large Loads as presented. Second. Carried.

3. Expense Budget Review

Reviewed.

Curtis asked if there were any trends, flags or adjustments to be discussed at this time. There were none.

4. KRTA Ratios

The Key Ratio Trend Analysis (KRTA) report from CFC was reviewed and discussed.

5. 2nd Quarter Balanced Scorecard Goal Results

David reviewed employee goal status with the Board.

MEMBER COMMUNICATION

Michael Murray, attending member, asked about the Revolving Loan Fund (RLF). The Board reviewed how the loan program was established and what the funds are used for.

Michael asked about the OCEI fire safety plan and the Net Meter program. Both were discussed for clarification.

Adjourn to Executive Session at 4:16 pm.

EXECUTIVE SESSION

1. 2nd Quarter Subsidiary Financials
2. 2nd Quarter Management Goal Results
3. Solar Update
4. Litigation Update
5. Consumer Correspondence

Out of Executive Session at 4:24 p.m.

Alan Watson motioned to approve \$150K loan from OCEC to OCEI at 4.9% for truck purchase. Second. Carried.

Adjourn to Executive Session at 4:25 p.m.

Alan Watson, Secretary

New Members OCEC**August 27, 2018****REINSTATE**

1. CYBULA, DAN	115140
2. GRIMES, STEPHEN & SARAH	116181
3. MILLER, RANDY & DONNA	100183
4. MOE, TYLER & ASHLEY	117130

NEW MEMBERS

1. HEAVERLO, ALEXA & KULFAN, MICHAEL	118087
2. PFEFFER, MICHELE & WELT, STEPHEN	118088
3. CAHILL, JAMES & MELISSA	118089
4. MORALES, JAVIER	118090
5. RAINBOLT, ERIC & DEANNE	118091
6. LUCE, MITCHELL	118092
7. KUEHLER, NATALIE	118093
8. WILLIAMS, MICHAEL & SARAH	118094
9. BELL, SAMUEL DENNIS III & BABCOCK NEVINS JUDITH	118095
10. WEBER, SCOTT	118096
11. LOREN, CAROLYN & STU	118097
12. LESTER, KORY	118098
13. CANAVERA, COURTNEY & SCOTT	118099
14. WEITZEL, WALKER & SARAH	118100
15. LEGLER, CHRISTOPHER & VALERIE	118101
16. MCDUFF, MARK	118102
17. METHOW RIVER RANCH MAZAMA HOA	118103
18. BERG, RYAN & STEINER STEPHANIE	118104
19. BALDIE, DAN	118105
20. OLSEN, JON "RICK" R & OLSEN IRENE M	118106
21. LOVELL, SCOTT & JULIE	118107
22. HOROSZOWSKI, MARK & MARY	118108
23. STEUERWALT, MATT & DALY JOHN	118109
24. DURHAM, HEIDI & GARRARD LESLIE	118110
25. VELEBER, NICK & BRIANNA	118111
26. BENOIT, ROLAND	118112



NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Okanogan County Electric Coop Inc
	BORROWER DESIGNATION	WA032
	ENDING DATE	7/31/2018

Submit one electronic copy and one signed hard copy to CFC. Round all numbers to the nearest dollar.

CERTIFICATION	BALANCE CHECK RESULTS	AUTHORIZATION CHOICES
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.		A. NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA?
 Signature of Office Manager or Accountant Date 8/13/18		<input checked="" type="radio"/> YES <input type="radio"/> NO
 Signature of Manager Date 8-13-18		B. Will you authorize CFC to share your data with other cooperatives?
		<input checked="" type="radio"/> YES <input type="radio"/> NO

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	3,449,623	3,325,565	3,123,241	415,124
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	1,645,958	1,655,045	1,573,161	199,106
4. Transmission Expense	0	0	0	0
5. Regional Market Operations Expense	0	0	0	0
6. Distribution Expense - Operation	42,177	58,031	43,627	5,210
7. Distribution Expense - Maintenance	377,264	363,406	365,111	41,065
8. Consumer Accounts Expense	168,784	174,684	175,794	23,472
9. Customer Service and Informational Expense	3,761	4,453	3,879	257
10. Sales Expense	2,085	4,104	0	(1,970)
11. Administrative and General Expense	490,260	340,630	391,813	45,249
12. Total Operation & Maintenance Expense (2 thru 11)	2,730,289	2,600,353	2,553,385	312,390
13. Depreciation & Amortization Expense	215,167	222,952	230,230	32,009
14. Tax Expense - Property & Gross Receipts	24,984	26,225	25,158	3,766
15. Tax Expense - Other	106,942	102,541	101,208	11,281
16. Interest on Long-Term Debt	123,210	118,681	117,700	16,889
17. Interest Charged to Construction (Credit)	0	0	0	0
18. Interest Expense - Other	0	0	0	0
19. Other Deductions	0	0	0	0
20. Total Cost of Electric Service (12 thru 19)	3,200,592	3,070,752	3,027,682	376,335
21. Patronage Capital & Operating Margins (1 minus 20)	249,031	254,814	95,559	38,789
22. Non Operating Margins - Interest	5,710	11,729	11,440	401
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	5,002	1,723	5,000	0
25. Non Operating Margins - Other	10,500	10,500	10,500	1,500
26. Generation & Transmission Capital Credits	0	0	0	0
27. Other Capital Credits & Patronage Dividends	0	0	0	0
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	270,244	278,766	122,499	40,690

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	28	24	5. Miles Transmission	0	0
2. Services Retired	2	3	6. Miles Distribution Overhead	301	302
3. Total Services In Place	3,697	3,753	7. Miles Distribution Underground	210	212
4. Idle Services (Exclude Seasonal)	107	101	8. Total Miles Energized (5+6+7)	511	514



NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Okanogan County
	BORROWER DESIGNATION	WA032
	ENDING DATE	07/31/2018

PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	13,803,289	29. Memberships	16,045
2. Construction Work in Progress	286,737	30. Patronage Capital	7,368,479
3. Total Utility Plant (1+2)	14,090,026	31. Operating Margins - Prior Years	888,188
4. Accum. Provision for Depreciation and Amort	4,599,176	32. Operating Margins - Current Year	268,266
5. Net Utility Plant (3-4)	9,490,851	33. Non-Operating Margins	10,500
6. Nonutility Property - Net	0	34. Other Margins & Equities	477,952
7. Investment in Subsidiary Companies	662,742	35. Total Margins & Equities (29 thru 34)	9,029,430
8. Invest. in Assoc. Org. - Patronage Capital	324,323	36. Long-Term Debt CFC (Net)	0
9. Invest. in Assoc. Org. - Other - General Funds	0	37. Long-Term Debt - Other (Net)	3,434,341
10. Invest in Assoc. Org. - Other - Nongeneral Funds	147,136	38. Total Long-Term Debt (36 + 37)	3,434,341
11. Investments in Economic Development Projects	0	39. Obligations Under Capital Leases - Non current	0
12. Other Investments	13,500	40. Accumulated Operating Provisions - Asset Retirement Obligations	0
13. Special Funds	0	41. Total Other Noncurrent Liabilities (39+40)	0
14. Total Other Property & Investments (6 thru 13)	1,147,701	42. Notes Payable	0
15. Cash-General Funds	771,509	43. Accounts Payable	330,010
16. Cash-Construction Funds-Trustee	0	44. Consumers Deposits	149,205
17. Special Deposits	145,098	45. Current Maturities Long-Term Debt	0
18. Temporary Investments	138,460	46. Current Maturities Long-Term Debt-Economic Dev.	0
19. Notes Receivable - Net	0	47. Current Maturities Capital Leases	0
20. Accounts Receivable - Net Sales of Energy	412,129	48. Other Current & Accrued Liabilities	282,366
21. Accounts Receivable - Net Other	823,665	49. Total Current & Accrued Liabilities (42 thru 48)	761,582
22. Renewable Energy Credits	0	50. Deferred Credits	0
23. Materials & Supplies - Electric and Other	280,098	51. Total Liabilities & Other Credits (35+38+41+49+50)	13,225,354
24. Prepayments	14,877		
25. Other Current & Accrued Assets	966	ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION	
26. Total Current & Accrued Assets (15 thru 25)	2,586,802	Balance Beginning of Year	0
27. Deferred Debits	0	Amounts Received This Year (Net)	268,055
28. Total Assets & Other Debits (5+14+26+27)	13,225,354	TOTAL Contributions-In-Aid-Of-Construction	268,055

PART D. THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

OKANOGAN COUNTY ELECTRIC COOPERATIVE, INC.

STATEMENT OF OPERATIONS

July 31, 2018

	ANNUAL BUDGET	Y-T-D BUDGET	Y-T-D ACTUAL	MONTH BUDGET	MONTH ACTUAL
OPERATING REVENUE	\$5,501,400	\$3,123,241	\$3,325,565	\$403,750	\$415,124
COST OF POWER	\$2,710,581	\$1,573,161	\$1,655,045	\$200,761	\$199,106
GROSS MARGINS	\$2,790,819	\$1,550,080	\$1,670,520	\$202,989	\$216,018
OPERATING EXPENSES:					
DISTRIBUTION OPERATIONS	\$69,955	\$43,627	\$58,031	\$5,082	\$5,210
DISTRIBUTION MAINTENANCE	\$574,972	\$365,111	\$363,406	\$46,227	\$41,065
CONSUMER ACCOUNTING	\$299,885	\$175,794	\$174,683	\$24,954	\$23,472
CONSUMER SERVICE & INFO	\$5,700	\$3,879	\$4,453	\$257	\$257
SALES EXPENSE	\$0	\$0	\$4,104	\$0	-\$1,970
ADMIN & GENERAL	\$674,637	\$391,813	\$340,630	\$49,970	\$45,249
<i>TOTAL OPERATING EXPENSES</i>	\$1,625,149	\$980,224	\$945,307	\$126,490	\$113,284
FIXED EXPENSES:					
DEPRECIATION	\$394,680	\$230,230	\$222,952	\$32,890	\$32,009
TAXES-PROPERTY	\$43,128	\$25,158	\$26,225	\$3,594	\$3,766
TAXES-OTHER	\$185,500	\$101,208	\$102,541	\$14,458	\$11,281
INTEREST	\$201,772	\$117,700	\$118,681	\$16,814	\$16,889
OTHER DEDUCTIONS	\$0	\$0	\$0	\$0	\$0
<i>TOTAL FIXED EXPENSES</i>	\$825,080	\$474,297	\$470,399	\$67,757	\$63,945
TOTAL EXPENSES	\$2,450,229	\$1,454,521	\$1,415,706	\$194,247	\$177,229
OPERATING MARGINS	\$340,590	\$95,559	\$254,814	\$8,742	\$38,789
NONOPERATING MARGINS:					
INTEREST	\$51,154	\$16,440	\$13,453	\$795	\$401
OTHER	\$18,000	\$10,500	\$10,500	\$1,500	\$1,500
NET MARGINS	\$409,744	\$122,499	\$278,767	\$11,037	\$40,690
T.I.E.R.	3.03	2.04	3.35	1.66	3.41

Okanogan County Electric Cooperative Inc
Budget Year: 2018

Forecasted

	2017	Budget year		Actual						Forecasted					
		Jan - Dec	January	February	March	April	May	June	July	August	September	October	November	December	
Patronage Capital or Margins	\$0	\$409,744	\$58,852	\$57,189	\$56,676	\$10,948	\$30,456	\$23,954	\$40,690	(\$3,268)	\$53,114	(\$25,672)	\$112,177	\$149,896	
Plus Depreciation Expense	\$0	\$394,680	\$31,740	\$31,717	\$31,834	\$31,882	\$31,899	\$31,872	\$32,009	\$32,890	\$32,890	\$32,890	\$32,890	\$32,890	
Less Capital Credit Allocations	\$0	\$0	(\$29)	(\$751)	\$1,566	(\$120)	(\$683)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Plus FAS 158 Amortization	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total (Funds From Operations)	\$0	\$804,424	\$90,563	\$88,155	\$90,076	\$42,710	\$61,672	\$55,826	\$72,699	\$29,622	\$86,004	\$7,218	\$145,067	\$182,786	
Cash Construction Funds - Trustee	\$0	\$0													
Special Deposit	\$0	(\$76,899)	(\$5,575)	(\$7,241)	(\$5,575)	(\$7,242)	(\$6,408)	(\$6,408)	(\$6,408)	(\$6,408)	(\$6,408)	(\$6,408)	(\$6,408)	(\$6,408)	
Temporary Investment	\$0	\$0													
Accounts Receivable - Sale of Energy (Net)	\$0	\$30,158	\$113,538	\$1,368	\$100,351	\$118,126	\$61,068	(\$451)	(\$24,125)	\$18,420	\$4,282	\$10,106	(\$188,438)	(\$121,979)	
Accounts Receivable - Other (Net)	\$0	\$137,184	\$24,009	(\$18,747)	\$13,552	\$8,459	\$47,501	\$11,416	(\$142,487)	\$7,405	\$11,345	\$7,405	\$7,405	\$40,985	
Regulatory Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Deferred Debits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Prepayments	\$0	\$0	(\$32,729)	\$2,976	\$2,975	\$2,975	\$2,976	\$2,975	\$2,975	\$0	\$0	\$0	\$0	\$0	
Other Current & Accrued Asset	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
(Increase)/Decrease in Operating Assets	\$0	\$894,867	\$99,243	(\$21,644)	\$111,304	\$122,318	\$105,137	\$7,532	(\$170,045)	\$19,417	\$9,219	\$11,103	(\$187,441)	(\$87,402)	
Notes Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Accounts Payable	\$0	\$0	\$29,509	(\$50,356)	(\$134,397)	\$20,489	(\$78,408)	\$113,082	(\$34,297)	\$0	\$0	\$0	\$0	\$0	
Accumulated Operating Provisions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Regulatory Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other Deferred Credits	\$0	\$0	(\$45,076)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other Current and Accrued Liabilities	\$0	(\$40,797)	\$27,839	\$31,381	(\$13,147)	(\$20,843)	\$24,095	(\$36,981)	\$1,650	\$0	\$0	\$0	\$0	\$0	
Increase/(Decrease) in Operating Liabilities	\$0	(\$40,797)	\$12,272	(\$18,975)	(\$147,544)	(\$354)	(\$54,313)	\$76,101	(\$32,647)	\$0	\$0	\$0	\$0	\$0	
CASH FROM OPERATING ACTIVITIES	\$0	\$854,070	\$202,078	\$47,535	\$53,835	\$164,674	\$112,496	\$139,459	(\$129,993)	\$49,039	\$95,223	\$18,321	(\$42,374)	\$95,384	
INVESTMENT ACTIVITIES															
Total Utility Plant	\$0	(\$863,521)	(\$360,896)	\$44,051	(\$14,092)	(\$5,776)	(\$2,007)	(\$10,754)	(\$63,085)	(\$52,852)	(\$63,646)	(\$52,212)	(\$52,147)	(\$55,768)	
Cost to Retire Utility Plant	\$0	\$0	\$521	\$7,500	(\$12,262)	\$242	\$6,504	(\$12,477)	(\$1,278)	\$0	\$0	\$0	\$0	\$0	
Construction Work-in-Progress	\$0	\$0	\$202,273	(\$36,843)	(\$33,795)	(\$67,376)	(\$58,546)	(\$143,843)	\$2,318	\$0	\$0	\$0	\$0	\$0	
Contributions in aid of construction (CIAC)	\$0	\$277,356	\$1,152	\$302	\$11,411	\$64,525	\$73,167	\$76,580	\$40,918	\$30,000	\$30,000	\$30,000	\$20,000	\$13,678	
Total Other Property and Investments	\$0	\$0	\$247	(\$762)	\$453	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Materials & Supplies - Electric and Other	\$0	\$0	(\$1,394)	\$113	(\$2,104)	(\$8,140)	\$1,869	(\$5,149)	(\$18,228)	\$0	\$0	\$0	\$0	\$0	
Notes Receivable (Net)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CASH FROM INVESTMENT ACTIVITIES	\$0	(\$586,165)	(\$158,097)	\$14,361	(\$50,389)	(\$16,525)	\$20,987	(\$95,643)	(\$39,355)	(\$22,852)	(\$33,646)	(\$22,212)	(\$32,147)	(\$42,090)	
FINANCING ACTIVITIES															
Margins & Equities	\$0	(\$200,000)												(\$200,000)	
LT Debt - Additional Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
LT Debt - Debt Service Payment	\$0	(\$132,239)	\$0	\$0	(\$32,316)	\$0	\$0	(\$32,807)	\$0	\$0	(\$33,305)	\$0	\$0	(\$33,811)	
LT Debt - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total LT Debt	\$0	(\$132,239)	\$0	\$0	(\$32,316)	\$0	\$0	(\$32,807)	\$0	\$0	(\$33,305)	\$0	\$0	(\$33,811)	
LT Debt - Payments Unapplied	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
LT Debt - Current maturities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Consumer Membership	\$0	\$0	\$20	\$0	\$5	\$35	\$15	\$40	\$20	\$0	\$0	\$0	\$0	\$0	
Consumers Deposits	\$0	\$0	\$1,250	(\$1,432)	(\$4,550)	\$1,850	\$1,460	\$1,150	\$950	\$0	\$0	\$0	\$0	\$0	
CASH FROM FINANCING ACTIVITIES	\$0	(\$332,239)	\$1,270	(\$1,432)	(\$36,861)	\$1,885	\$1,475	(\$31,617)	\$970	\$0	(\$33,305)	\$0	\$0	(\$233,811)	
CASH FROM ALL ACTIVITIES	\$0	(\$64,334)	\$45,252	\$60,464	(\$33,414)	\$150,034	\$134,958	\$12,199	(\$168,378)	\$26,187	\$28,272	(\$3,891)	(\$74,521)	(\$180,517)	
TOTAL CASH BEGINNING OF PERIOD	\$570,393	\$570,393	\$570,393	\$615,645	\$676,109	\$642,695	\$792,729	\$927,687	\$939,886	\$771,508	\$797,695	\$825,967	\$822,076	\$747,555	
TOTAL CASH END OF PERIOD	\$570,393	\$506,059	\$615,645	\$676,109	\$642,695	\$792,729	\$927,687	\$939,886	\$771,508	\$797,695	\$825,967	\$822,076	\$747,555	\$567,038	

Okanogan County Electric Cooperative Inc
Capital Expenditures by Project
Jul-18

	Current Month			Year to Date			Annual	Annual		
	Actual	Budget	Variance	Actual	Budget	Variance	Budget	Balance		
Member Requested Facilities	28,400.09	24,118.00	(4,282.09)	110,791.01	112,551.00	1,759.99	200,983.00	90,191.99		
Replacements (Poles & Transformers)	7,765.76	17,610.00	9,844.24	150,690.43	81,097.00	(69,593.43)	103,872.00	(46,818.43)		
OCEC Projects:	0.00	0.00	0.00	0.00	0.00	0.00	62,675.00	62,675.00		
Replace 2500' of URD at Stud Horse - Part 2	0.00	24,859.00	24,859.00	0.00	24,859.00	24,859.00	49,718.00	49,718.00		
Replace 2500' of URD at Edelweiss - Part 1	964.20	14,489.00	13,524.80	964.20	43,468.00	42,503.80	57,957.00	56,992.80		
Convert 3500' of OH to URD at Bear Crk	0.00	0.00	0.00	0.00	41,859.00	41,859.00	41,859.00	41,859.00		
Replace 3000' of URD at Davis Lake	0.00	0.00	0.00	17,674.73	12,000.00	(5,674.73)	50,718.00	33,043.27		
Metering projects -upgrades	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Pole Inspections	0.00	0.00	0.00	3,092.13	10,000.00	6,907.87	10,000.00	6,907.87		
Fire Retardant/Treatment on Poles	0.00	0.00	0.00	0.00	17,479.00	17,479.00	17,479.00	17,479.00		
Test/Rebuild 2 sets of Regulators Sub	0.00	32,791.00	32,791.00	48,453.93	32,791.00	(15,662.93)	32,791.00	(15,662.93)		
Paint/protect crew hallway	0.00	0.00	0.00	0.00	0.00	0.00	5,000.00	5,000.00		
Redo Asphalt in front & back, fix drain	0.00	0.00	0.00	0.00	25,000.00	25,000.00	25,000.00	25,000.00		
Major Storm Damage	1,140.59	0.00	(1,140.59)	13,888.90	0.00	(13,888.90)	0.00	(13,888.90)		
subtotal	38,270.64	113,867.00	75,596.36	345,555.33	401,104.00	55,548.67	658,052.00	312,496.67		
Un Allocated Overhead	60,617.05			60,617.05	0.00	(60,617.05)				
Member CIAC	CIAC	(40,917.69)	(30,000.00)	(10,917.69)	*	(268,055.00)	(123,687.00)	(144,368.00)	(277,356.00)	(9,301.00)
Total less CIAC	57,970.00			138,117.38						
							* \$83,142.70 holding in CIAC 07/31/18			
Meters Purchases	0.00	0.00	0.00	21,180.00	20,000.00	(1,180.00)	20,000.00	(1,180.00)		
Computers & Software Upgrades	0.00	0.00	0.00	7,200.00	5,000.00	(2,200.00)	5,000.00	(2,200.00)		
Transformers Purchases	11,333.95	0.00	(11,333.95)	92,019.79	70,000.00	(22,019.79)	70,000.00	(22,019.79)		
Vehicle Replacement	0.00	0.00	0.00	0.00	0.00	0.00	135,000.00	135,000.00		
Total	69,303.95	83,867.00		258,517.17	372,417.00		230,000.00	109,600.21		
							Total Capital Budget less CIAC	610,696.00	352,178.83	

* Note

	Line Crew		107.25	Consultants			
	Direct Labor	Materials	Labor	Contractors	Transportation	Benefits	Total
January	2,086.84	0.00	3,436.90	0.00	2,424.24	2,020.44	9,968.42
February	2,963.79		3,041.61	0.00	1,617.04	2,183.49	9,805.93
March	8,853.87	2,671.68	9,500.00	0.00	5,729.34	6,237.56	32,992.45
April	16,562.77	10,492.77	26,772.52	0.00	9,520.08	11,719.23	75,067.37
May	14,115.42	134.06	16,434.36	0.00	6,233.76	10,260.91	47,178.51
June	16,712.98	52,849.74	20,000.00	24,678.94	7,579.99	10,450.36	132,272.01
July	6,874.61	10,431.18	10,819.48	0.00	4,398.54	5,746.83	38,270.64
August							
September							
October							
November							
December							
	68,170.28	76,579.43	90,004.87	24,678.94	37,502.99	48,618.82	345,555.33

* Note: 107.25 is Capitalized Labor that includes: cost estimates, line staking, development & research for construction projects that no work order has been established. Along with Stores account 163.00 material stocking.

Okanogan County Electric Cooperative Inc
Capital Expenditures by Project
Jul-18

W.O. #	Monthly Allocation	Contractor	Labor	Labor O/H	AP Vendor &		Material			Total	
					Material	Material O/H	Retire/Scrap	Benefits	Trans		
12056	304.43	7	88.66	141.65				74.12		304.43	
12093	1,139.51	8	282.45	451.26	96.46	35.70	(96.46)	236.12	133.98	1,139.51	
12094	316.54	8			231.04	85.50				316.54	
12114	1,828.34	7	415.44	663.73				347.29	401.88	1,828.34	
12122	3,018.51	7			2,968.68	1,098.65	(1,048.82)			3,018.51	
12125	4,034.71	7	1,058.02	1,690.34				884.43	401.92	4,034.71	
12144	825.18	7	188.30	300.84				157.42	178.62	825.18	
12146	8,628.88	7	997.22	1,593.21	3,212.27	1,188.80		833.61	803.77	8,628.88	
12147	1,012.71	7			739.16	273.55				1,012.71	
12148	234.86	7			362.79	134.26	(262.19)			234.86	
12149	932.73	7	232.63	371.66				194.47	133.97	932.73	
12151	557.91	7	276.96	442.48			(571.69)	231.54	178.62	557.91	
12157	1,968.62	7	443.30	708.24				370.56	446.52	1,968.62	
12160	1,735.27	8	440.35	703.52				368.10	223.3	1,735.27	
12162	129.65	8			288.49	106.76	(265.60)			129.65	
12163	1,140.59	19			832.50	308.09				1,140.59	
12168	1,720.82	7	415.44	663.73	19.29	7.14		347.29	267.93	1,720.82	
12170	1,129.60	7	276.96	442.48				231.54	178.62	1,129.60	
12171	349.08	7	88.66	141.65				74.12	44.65	349.08	
12172	3,048.06	8	576.30	920.72	617.18	228.41	(356.78)	481.74	580.49	3,048.06	
12173	551.91	7	141.23	225.64				118.05	66.99	551.91	
12174	964.20	10	254.80	407.08				213.00	89.32	964.20	
12175	99.00	7			99.00					99.00	
12176	99.00	7			99.00					99.00	
12177	1,103.80	7	282.45	451.25				236.12	133.98	1,103.80	
12183	465.58	8	138.48	166.67				115.77	44.66	465.58	
12184	931.15	8	276.96	333.33				231.54	89.32	931.15	
	38,270.64		0.00	6,874.61	10,819.48	9,565.86	3,466.86	(2,601.54)	5,746.83	4,398.54	38,270.64

7 Member Requested Facilities		OCEC Work Orders	
8 Replacements (Poles & Transformers)			
OCEC Projects:	8	12093 Cutouts	1139.51
9 Replace 2500' of URD at Stud Horse - Part 2	8	12094 Transformers 2018.1	316.54
10 Replace 2500' of URD at Edelweiss - Part 1	8	12160 OCEC - 2018 T Sub	1,735.27
11 Convert 3500' of OH to URD at Bear Crk	8	12162 OCEC - C77 5A 18R 1L	129.65
12 Replace 3000' of URD at Davis Lake	19	12163 OCEC- 2018.06.25 Storm	1,140.59
13 Metering projects -upgrades	8	12172 OCEC-M227A 2L 1R	3,048.06
14 Pole Inspections	10	12174 OCEC-2017 2500' of URD at Edelweiss	964.20
15 Fire Retardant/Treatment on Poles	8	12183 Term - Wong Kimi	465.58
16 Test/Rebuild 2 sets of Regulators Sub	8	12184 Term - Prewitt	931.15
17 Paint/protect crew hallway			9,870.55
18 Redo Asphalt in front & back, fix drain			
19 Major Storm Damage			

CApEx/O&M Labor Distribution

Labor is split between Capital and O&M based on work performed. The following is a comparison between how labor was split.

1) YTD Actual 2018 2) YTD Budget 2018 3) YTD Actual 2017

Capitalization in Percentage

Labor Capitalized	Jan	Feb	March	April	May	June	July	August	September	October	November	December	YTD
2018 Actual		5%	12%	18%	27%	23%	25%	19%					
2018 Budget		3%	12%	15%	15%	35%	37%	41%	37%	37%	15%	3%	24%
2017 Actual		1%	1%	2%	8%	22%	29%	35%	49%	55%	41%	43%	25%

Capitalization in Dollars

Capitalization in Dollars

Capitalization in Dollars	Jan	Feb	March	April	May	June	July	August	September	October	November	December	YTD
2018 Work Order Actual	\$ 7,222	\$ 9,924	\$ 16,540	\$ 24,183	\$ 23,318	\$ 23,747	\$ 18,625	\$ -	\$ -	\$ -	\$ -	\$ -	
2018 Budget	\$ 3,611	\$ 11,284	\$ 13,541	\$ 13,541	\$ 31,595	\$ 33,851	\$ 37,462	\$ 33,851	\$ 33,851	\$ 33,851	\$ 13,541	\$ 3,159	\$ 263,138
2017 Actual	\$ 1,648	\$ 436	\$ 1,992	\$ 6,742	\$ 21,066	\$ 25,337	\$ 31,850	\$ 47,668	\$ 49,075	\$ 39,586	\$ 39,459	\$ 10,259	\$ 275,119

O&M Labor Expensed

O& M Expense in Percentage

O&M Labor Expensed	Jan	Feb	March	April	May	June	July	August	September	October	November	December	YTD
2018 Actual		98%	88%	82%	73%	77%	75%	81%					
2018 Budget		97%	88%	85%	85%	65%	63%	59%	63%	63%	63%	85%	97%
2017 Actual		99%	99%	98%	92%	78%	71%	65%	51%	45%	59%	77%	88%

O&M Expense in Dollars

O&M Expense in Dollars	Jan	Feb	March	April	May	June	July	August	September	October	November	December	YTD
2018 Actual	\$ 128,782	\$ 74,657	\$ 75,912	\$ 65,816	\$ 78,925	\$ 69,568	\$ 80,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 574,558
2018 Budget	\$ 131,896	\$ 70,236	\$ 75,888	\$ 72,552	\$ 61,788	\$ 51,623	\$ 54,649	\$ 62,333	\$ 50,115	\$ 62,333	\$ 78,570	\$ 84,880	\$ 856,863
2017 Actual	\$ 125,143	\$ 82,097	\$ 88,798	\$ 77,316	\$ 74,643	\$ 60,689	\$ 58,310	\$ 48,695	\$ 39,823	\$ 56,821	\$ 52,041	\$ 77,734	\$ 842,110

Total Labor YTD	2018	\$ 136,004	\$ 84,581	\$ 92,451	\$ 89,999	\$ 102,243	\$ 93,316	\$ 99,523						\$ 698,117
Total Labor YTD	2017	\$ 126,790	\$ 82,533	\$ 90,790	\$ 84,058	\$ 95,709	\$ 86,026	\$ 90,161	\$ 96,363	\$ 88,898	\$ 96,407	\$ 91,500	\$ 87,993	\$ 1,117,229

OKANOGAN COUNTY ELECTRIC COOPERATIVE INC
REVOLVING LOAN FUND #1
MONTHLY REPORT

For the Month Ending
July 31, 2018

Beginning RLF Balance	\$70,199.29	
LOUP LOUP SKI ED FOUNDATION LOAN #2		
PAYOFF AUGUST 01, 2019	MONTH	TO DATE
PAYMENTS RECEIVED	\$425.00	\$47,125.36
ADMINISTRATIVE FEE (1%)	\$8.33	\$2,708.33
PRINCIPLE PAYMENT TO LOAN	\$416.67	\$45,417.02
ORIGINAL AMOUNT OF LOAN		\$50,000.00
BALANCE REMAINING ON LOANS		\$4,582.98
LOUP LOUP SKI ED FOUNDATION LOAN #3		
PAYOFF OCTOBER 01, 2024	MONTH	TO DATE
PAYMENTS RECEIVED	\$445.83	\$20,741.64
ADMINISTRATIVE FEE (1%)	\$29.16	\$1,574.82
PRINCIPLE PAYMENT TO LOAN	\$416.67	\$19,166.82
ORIGINAL AMOUNT OF LOAN		\$50,000.00
BALANCE REMAINING ON LOANS		\$30,833.18
TOWN OF TWISP		
PAYOFF AUGUST 01, 2019	MONTH	TO DATE
PAYMENTS RECEIVED	\$79.05	\$7,532.14
ADMINISTRATIVE FEE (1%)	\$2.30	\$469.84
PRINCIPLE PAYMENT TO LOAN	\$76.75	\$7,060.76
ORIGINAL AMOUNT OF LOAN		\$9,210.00
BALANCE REMAINING ON LOANS		\$2,149.24
MVSTA LOAN #2		
PAYOFF JULY 01, 2022	MONTH	TO DATE
PAYMENTS RECEIVED	\$875.00	\$67,104.72
ADMINISTRATIVE FEE (1%)	\$41.67	\$4,604.97
PRINCIPLE PAYMENT TO LOAN	\$833.33	\$61,666.42
ORIGINAL AMOUNT OF LOAN		\$100,000.00
BALANCE REMAINING ON LOANS		\$38,333.58
MEDICINE WHEEL WEB DESIGN		
PAYOFF OCTOBER 01, 2024	MONTH	TO DATE
PAYMENTS RECEIVED	\$510.00	\$23,810.00
ADMINISTRATIVE FEE (1%)	\$10.00	\$820.00
PRINCIPLE PAYMENT TO LOAN	\$500.00	\$23,000.00
ORIGINAL AMOUNT OF LOAN		\$30,000.00
BALANCE REMAINING ON LOANS		\$7,000.00
TOWN OF WINTHROP		
PAYOFF NOVEMBER 01, 2027	MONTH	TO DATE
PAYMENTS RECEIVED	\$870.83	\$6,966.64
ADMINISTRATIVE FEE (1%)	\$79.17	\$633.36
PRINCIPLE PAYMENT TO LOAN	\$791.67	\$6,333.36
ORIGINAL AMOUNT OF LOAN		\$95,000.00
BALANCE REMAINING ON LOANS		\$88,666.64
TOTAL BALANCE REMAINING ON LOANS		\$171,565.62
ENDING RLF BALANCE		\$73,234.38

OKANOGAN COUNTY ELECTRIC COOPERATIVE INC
REVOLVING LOAN FUND #2
MONTHLY REPORT

For the Month Ending
July 31, 2018

Beginning RLF Balance		\$68,490.79
AERO RESCUE		
PAYOFF NOVEMBER 1, 2020	MONTH	TO DATE
PAYMENTS RECEIVED	\$2,060.00	\$198,240.00
ADMINISTRATIVE FEE (1%)	\$60.00	\$12,300.00
PRINCIPLE PAYMENT TO LOAN	\$2,000.00	\$186,000.00
ORIGINAL AMOUNT OF LOAN		\$240,000.00
BALANCE REMAINING ON LOANS		\$54,000.00
TOWN OF WINTHROP LOAN #2		
PAYOFF JUNE 01, 2022	MONTH	TO DATE
PAYMENTS RECEIVED	\$177.67	\$13,399.99
ADMINISTRATIVE FEE (1%)	\$6.84	\$929.40
PRINCIPLE PAYMENT TO LOAN	\$170.83	\$12,470.59
ORIGINAL AMOUNT OF LOAN		\$20,500.00
BALANCE REMAINING ON LOANS		\$8,029.41
MVSTA LOAN #3		
PAYOFF OCTOBER 01, 2024	MONTH	TO DATE
PAYMENTS RECEIVED	\$624.16	\$28,977.87
ADMINISTRATIVE FEE (1%)	\$40.84	\$2,310.05
PRINCIPLE PAYMENT TO LOAN	\$583.33	\$26,833.18
ORIGINAL AMOUNT OF LOAN		\$70,000.00
BALANCE REMAINING ON LOANS		\$43,166.82
PINETOOTH CREATIVE		
PAYOFF July 01, 2026	MONTH	TO DATE
PAYMENTS RECEIVED	\$84.25	\$2,033.76
ADMINISTRATIVE FEE (1%)	\$6.96	\$178.00
PRINCIPLE PAYMENT TO LOAN	\$77.29	\$1,855.94
ORIGINAL AMOUNT OF LOAN		\$9,275.00
BALANCE REMAINING ON LOANS		\$7,419.06
EQPD		
PAYOFF February 01, 2027	MONTH	TO DATE
PAYMENTS RECEIVED	\$297.92	\$5,164.64
ADMINISTRATIVE FEE (1%)	\$27.08	\$460.38
PRINCIPLE PAYMENT TO LOAN	\$270.84	\$4,604.26
ORIGINAL AMOUNT OF LOAN		\$32,500.00
BALANCE REMAINING ON LOANS		\$27,895.74
Little Star Montessorri School		
PAYOFF February 01, 2027	MONTH	TO DATE
PAYMENTS RECEIVED	\$295.21	\$5,348.61
ADMINISTRATIVE FEE (1%)	\$24.38	\$474.07
PRINCIPLE PAYMENT TO LOAN	\$270.83	\$4,874.94
ORIGINAL AMOUNT OF LOAN		\$32,500.00
BALANCE REMAINING ON LOANS		\$27,625.06
ENDING RLF BALANCE		\$71,863.91

OKANOGAN COUNTY ELECTRIC COOPERATIVE, INC.

POWER & SERVICE DATA
July-18

	April 2018	May 2018	June 2018	July 2018	July 2017
POWER DATA:					
COST OF POWER	\$212,906	\$145,406	\$165,471	\$199,106	\$179,386
KWH PURCHASED	4,105,730	3,443,600	3,472,835	4,348,875	4,336,260
KWH SOLD & OCEC USE	3,785,326	3,144,751	3,162,798	4,003,758	4,068,697
KWH LOST	320,404	298,849	310,037	345,117	267,563
LINE LOSS %	7.80%	8.68%	8.93%	7.94%	6.17%
COST PER KWH	\$0.0519	\$0.0422	\$0.0476	\$0.0458	\$0.0414
BILLING DATA:					
ACCOUNTS BILLED	3,536	3,733	3,745	3,760	3,707
AVG. KWH/CONSUMER	1,071	842	845	1,065	1,098
BILLING REVENUE	\$397,993	\$360,224	\$356,762	\$411,464	\$409,702
AVERAGE BILL	\$112.55	\$96.50	\$95.26	\$109.43	\$110.52
REVENUE/KWH SOLD	\$0.1051	\$0.1145	\$0.1128	\$0.1028	\$0.1007
SERVICE DATA:					
NEW	1	6	9	8	10
RETIRED	1	0	0	2	1
TOTAL END OF MONTH	3732	3738	3747	3753	3697
IDLE SERVICES	103	102	103	101	107
TRANSPORTATION:					
TOTAL MILES	5,405	5,148	5,379	6,424	6,835
COST OF OPERATION	\$16,752	\$17,104	\$14,373	\$17,705	\$19,426
AVG. COST PER MILE	\$3.099	\$3.322	\$2.672	\$2.756	\$2.842
MATERIALS:					
ISSUES	\$9,843	\$7,235	\$38,106	\$10,627	\$5,592
INVENTORY	\$258,590	\$256,721	\$261,870	\$280,098	\$314,946

OCEC 2018 Outage
Summary

Substation	Power Supply Int.	Major	Planned Int.	All Other Int.	Feeder Total Hours Out	% of Total	Total # of Meters	# of Meters w/ outage	SAIDI	SAIFI	CAIDI
Winthrop Substation (1)	11,832	-	-	7,170	17,938	76.9%	2958	5961	6.064	2.015	3.188
Feeder 1 = Chewuch	2,360	-	-	443	2,803	12.0%	590	908	4.751	1.539	3.087
Feeder 2 = Mazama	3,764	-	-	5,941	9,705	41.6%	941	2903	10.313	3.085	3.343
Feeder 3 = Sun Mtn	2,984	-	-	22	3,006	12.9%	746	767	4.029	1.028	3.919
Feeder 4 = Winthrop	2,724	-	-	765	3,489	15.0%	681	1383	5.123	2.031	2.523
Twisp Substation (2)	2,456	-	-	2,922	5,378	23.1%	614	1292	8.759	2.104	4.163
Feeder 1 = Airport	112	-	-	866	978	4.2%	28	227	34.916	8.107	4.307
Feeder 2 = Loup	776	-	-	127	903	3.9%	194	225	4.652	1.160	4.011
Feeder 3 = Twisp	1,568	-	-	1,930	3,498	15.0%	392	840	8.923	2.143	4.164
Totals					23,316		3572	7253	6.527	2.031	3.36
CFC Summary	240	-	-	169.52							

SAIDI = Defined as sum of customer interruption durations divided by the total # of customers served
SAIFI = Defined as total number of customers interrupted divided by the total numbers of customers served
CAIDI = Defined as the average amount of time that a customer is without power for a typical interruption
ASAI = Total minutes during reported time frame divided by total minutes power was available

NUMBER OF OUTAGES = 37

Interruption: a loss of electricity for any period longer than 5 minutes
Power supply interruption: any interruption originating from the transmission system, sub-transmission system, or the substation regardless of ownership
Planned interruption: any interruption scheduled by the distribution system to safely perform routine maintenance
All other interruptions: all excluding power supply, major event, and those that are planned

Major Event: an interruption or group of interruptions caused by conditions that exceed the design & operational limits of a system. (IEEE 1366-2003 / RUS 1730a - Exhibit E).

OCEC 2018 Outage
Summary By Cause

SUMMARY BY CAUSE													
POWER SUPPLY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
LARGE SCALE	-	-	-	-	-	-	-	-	-	-	-	-	-
OK PUD	14,288	-	-	-	-	-	-	-	-	-	-	-	14,288
OCEC SUB	-	-	-	-	-	-	-	-	-	-	-	-	-
PLANNED													TOTAL
CONSTRUCTION	-	-	-	-	-	-	-	-	-	-	-	-	-
MAINTENANCE	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER PLANNED	-	-	-	-	-	-	-	-	-	-	-	-	-
EQUIPMENT OR INSTALLATION DESIGN													TOTAL
MATERIAL OR EQUIP FAILURE	-	-	4,123	-	2,948	-	-	53	-	-	-	-	7,124
INSTALLATION FAULT	-	-	-	-	-	-	-	-	-	-	-	-	-
CONDUCTOR SAG OR INADEGUATE CLEARANCE	-	-	-	-	-	-	-	-	-	-	-	-	-
OVERLOAD	-	-	-	-	-	-	-	-	-	-	-	-	-
MISCOORDINATION OF PROTECTION DEVICES	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER EQUIPMENT INSTALLATION / DESIGN	-	-	120	-	-	-	-	-	-	-	-	-	120
MAINTENANCE													TOTAL
DECAY / AGE OF MATERIAL / EQUIP	-	-	2	1	56	-	-	-	-	-	-	-	59
CORROSION / ABRASION OR MATERIAL / EQUIPMENT	-	-	-	-	-	-	-	-	-	-	-	-	-
TREE GROWTH	-	-	-	-	-	-	-	-	-	-	-	-	-
TREE FAILURE FROM OVERHAND OR DEAD TREE WITHOUT	-	-	-	-	-	-	-	-	-	-	-	-	-
TREES WITH ICE / SNOW	-	-	-	-	-	-	-	-	-	-	-	-	-
CONTAMINATION (LEAKING / EXTERNAL)	-	-	-	-	-	-	-	-	-	-	-	-	-
MOISTURE	-	-	-	-	-	-	-	-	-	-	-	-	-
OCEC CREW CUTS TREE	-	-	-	-	-	-	-	-	-	-	-	-	-
MAINTENANCE, OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-
WEATHER													TOTAL
LIGHTNING	-	-	-	-	-	-	-	-	-	-	-	-	-
WIND NOT TREE	-	-	-	-	-	-	-	-	-	-	-	-	-
ICE, SLEET, FROST, NOT TREE	-	-	-	-	-	-	-	-	-	-	-	-	-
FLOOD	-	-	-	-	-	-	-	-	-	-	-	-	-
WEATHER OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-
ANIMALS													TOTAL
SMALL ANIMAL / BIRD	-	0	-	1	-	-	-	-	-	-	-	-	2
LARGE ANIMAL	-	-	-	-	-	-	-	-	-	-	-	-	-
ANIMAL DAMAGE - GNAW OR BORE	-	-	-	-	-	-	-	-	-	-	-	-	-
ANIMAL , OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-

OCEC 2018 Outage
Summary By Cause

SUMMARY BY CAUSE														
PUBLIC													TOTAL	
CUSTOMER CAUSED	-	-	-	-	-	-	-	-	11	-	-	-	-	11
MOTOR VEHICLE	-	-	1,802	-	-	-	-	-	-	-	-	-	-	1,802
AIRCRAFT	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FIRE	-	-	-	-	-	-	-	0	-	-	-	-	-	0
PUBLIC CUTS TREE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VANDALISM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SWITCHING ERROR OR CAUSED BY CONSTRUCTION / MAINTENANCE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PUBLIC, OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER													TOTAL	
OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UNKNOWN													TOTAL	
CAUSE UNKNOWN	57	-	19	1	2	9	7	###	-	-	-	-	-	843

****Cause listing shows total number of HOURS for all members out of power:
(minutes of outage * number of members effected)/60**

OCEC 2018 Outage
Detailed Summary By Cause

DETAILED SUMMARY BY CAUSE													
GENERATION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
GEN-GENERATION	-	-	-	-	-	-	-	-	-	-	-	-	-
GEN-TOWERS, POLES, FIXTURES	-	-	-	-	-	-	-	-	-	-	-	-	-
GEN-CONDUCTORS AND DEVICES	-	-	-	-	-	-	-	-	-	-	-	-	-
GEN-TRANSMISSION SUB	14,288	-	-	-	-	-	-	-	-	-	-	-	14,288
GEN-GENERATION OR TRANSMISSION, OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTALS:	14,288												14,288
DISTRIBUTION SUBSTATION													
DIST-POWER TRANSFORMER	-	-	-	-	-	-	-	-	-	-	-	-	-
DIST-VOLTAGE REGULATOR	-	-	-	-	-	-	-	-	-	-	-	-	-
DIST-LIGHTNING ARRESTER	-	-	4,123	-	-	-	-	-	-	-	-	-	4,123
DIST-SOURCE SIDE FUSE	-	-	2	-	-	-	-	-	-	-	-	-	2
DIST-CIRCUIT BREAKER	-	-	-	-	-	-	-	747	-	-	-	-	747
DIST-SWITCH	-	-	-	-	-	-	-	-	-	-	-	-	-
DIST-METERING EQUIPMENT	-	-	-	-	-	-	-	-	-	-	-	-	-
DIST-DISTRIBUTION SUBSTATION , OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTALS:	-												4,873
POLES AND FIXTURES													
POL-POLES	-	-	-	-	-	-	-	-	-	-	-	-	-
POL-CROSSARM OR CROSSARM BRACE	-	-	-	-	-	-	-	-	-	-	-	-	-
POL-ANCHOR OR GUY	-	-	-	-	-	-	-	-	-	-	-	-	-
POL-POLES AND FIXTURES, OTHER	-	-	113	-	-	-	-	-	-	-	-	-	113
TOTALS:	-												113
OVERHEAD													
OVR-OVERHEAD	-	-	-	-	-	-	-	-	-	-	-	-	-
OVR-LINE CONDUCTOR	-	-	1,809	1	2,912	-	-	-	-	-	-	-	4,721
OVR-CONNECTOR OR CLAMP	-	-	-	-	-	-	-	-	-	-	-	-	-
OVR-SPLICE OR DEAD END	-	-	-	-	-	-	-	-	-	-	-	-	-
OVR-JUMPER	-	-	-	-	32	-	-	-	-	-	-	-	32
OVR-INSULATOR	-	-	-	-	10	-	-	-	-	-	-	-	10
OVR-LIGHTNING ARRESTER LINE	-	-	-	-	-	-	-	-	-	-	-	-	-
OVR-FUSE CUTOFF	57	0	19	2	36	9	5	1	-	-	-	-	130
OVR-RECLOSER OR SECTIONALIZER	-	-	-	-	-	-	-	-	-	-	-	-	-
OVR-OVERHEAD LINE CONDUCTORS AND DEVICES	-	-	-	-	-	133	-	-	-	-	-	-	133
TOTALS:	57												5,025

OCEC 2018 Outage
Detailed Summary By Cause

DETAILED SUMMARY BY CAUSE												
UNDERGROUND												
UG-PRIMARY CABLE	-	-	-	-	15	-	3	11	-	-	-	29
UG-SPLICE OR FITTING	-	-	-	-	-	-	-	-	-	-	-	-
UG-SWITCH ELBOW ARRESTER	-	-	-	-	-	-	-	-	-	-	-	-
UG-SECONDARY CABLE OR FITTINGS	-	-	-	-	-	-	-	-	-	-	-	-
UG-ELBOW	-	-	-	-	-	-	-	-	-	-	-	-
UG-POTHEAD OR TERMINATOR	-	-	-	-	-	-	-	-	-	-	-	-
UG-UNDERGROUND, OTHER	-	-	-	-	-	-	-	-	-	-	-	-
TOTALS:	-	-	-	-	-	-	-	-	-	-	-	29
TRANSFORMER												
XFMR-TRANSFORMER BAD	-	-	-	-	-	-	-	53	-	-	-	53
XFMR-TRANSFORMER FUSE OR BREAKER	-	-	-	-	-	-	-	-	-	-	-	-
XFMR-TRANSFORMER ARRESTER	-	-	-	-	-	-	-	-	-	-	-	-
XFMR-LINE TRANSFORMER, OTHER	-	-	-	-	-	-	-	-	-	-	-	-
**SECONDARY	-	-	-	-	-	-	-	-	-	-	-	-
SEC-SECONDARY OF SERVICE CONDUCTOR	-	-	-	-	-	-	-	-	-	-	-	-
SEC-METERING EQUIPMENT	-	-	-	-	-	-	-	-	-	-	-	-
SEC-SECURITY OR STREET LIGHT	-	-	-	-	-	-	-	-	-	-	-	-
SEC-SECONDARY AND SERVICE, OTHER	-	-	-	-	-	-	0	-	-	-	-	0
SEC-XFMR-NO EQUIP FAILURE	-	-	-	-	-	-	-	-	-	-	-	-
TOTALS:	-	-	-	-	-	-	-	-	-	-	-	53
WEATHER												
WTR-RAIN	-	-	-	-	-	-	-	-	-	-	-	-
WTR-LIGHTNING	-	-	-	-	-	-	-	-	-	-	-	-
WTR-WIND	-	-	-	-	-	-	-	-	-	-	-	-
WTR-SNOW ICE	-	-	-	-	-	-	-	-	-	-	-	-
WTR-SLEET	-	-	-	-	-	-	-	-	-	-	-	-
WTR-EXTREME COLD	-	-	-	-	-	-	-	-	-	-	-	-
WTR-EXTREME HEAT	-	-	-	-	-	-	-	-	-	-	-	-
WTR-WEATHER OTHER	-	-	-	-	-	-	-	-	-	-	-	-
WTR-CLEAR, CALM	-	-	-	-	-	-	-	-	-	-	-	-
TOTALS:	-	-	-	-	-	-	-	-	-	-	-	-

PNGC Power Pulse

July 2018

Inside This Issue

- 1 New Leadership
- 2 Face Time with the Secretary
- 2 Employee Spotlight: Steve King
- 3 PNGC Peak
- 4 Mid-C Pricing
- 4 BPA Happenings
- 4 Upcoming PNGC Events

New Leadership

On July 16 PNGC Power welcomed Greg Delwiche as Interim CEO. Delwiche has an extensive background in the electric utility industry with more than 30 years of experience. He joined the Bonneville Power Administration (BPA) in 1992, and during his time there held four executive positions before retiring, most recently as Deputy Administrator. He had oversight of a broad portfolio that spanned generation and power supply to fish and wildlife, so Delwiche brings significant experience from those leadership roles. Before Delwiche joined BPA, he held leadership positions in the U.S. Army Corps of Engineers Northwestern Division Reservoir Control Center. Currently, Delwiche is a senior strategic consultant with HDR Engineering in Portland, Oregon.



Greg Delwiche

Delwiche holds a Bachelor of Science degree in civil engineering from the University of Florida and a Master of Science degree in civil engineering from Oregon State University. He was inducted into Oregon State University's Academy of Distinguished Engineers in 2011, and in 2015 he was honored with the Presidential Rank Award for Distinguished Service.

"I've been in the energy industry for a long time, and PNGC has always stood out to me as a forward thinking organization," said Delwiche. "I'm looking forward to supporting PNGC's dynamic staff during this time of transition. They have a clear path forward and know where they are going, and I'm here to help them where I can."

Delwiche is an avid outdoorsman who enjoys hiking both locally and internationally, with a trip to the Matterhorn planned for later this summer. He and his wife will soon be celebrating 40 years of marriage, and they have two grown daughters. Delwiche joins with the other PNGC employees who regularly bike to work.

PNGC Board Member Gets Face Time with the Secretary of Interior

Fall River Rural Electric Cooperative's CEO/General Manager Bryan Case was invited to meet with U.S. Secretary of Interior Ryan Zinke in late June in Washington, D.C. The purpose of this selective roundtable discussion was to discuss how the energy industry and the Department of Interior can be better partners and how the Department can help advance the various energy priorities raised by the group of industry leaders.

This CEO-level conversation with the Secretary was attended by executives across the energy sector. Case represented electric cooperatives, along with the National Rural Electric Cooperative Association's (NRECA) President and CEO, Jim Matheson, and Utah Rural Electric Cooperative Association's statewide manager, Jeff Peterson.

Case used the opportunity with the Secretary to highlight the value of the Federal Columbia River Hydropower System (FCRPS) to electric cooperatives in the Pacific Northwest, discussing the economic benefits to the region as well as access to clean, reliable, low-cost energy.

There are many benefits to getting face time with the Secretary. We believe the opportunity to elevate regional priorities to a national level will be a bonus as we continue to advocate for retaining the value of the federal hydropower system and maintaining the Bonneville Power Administration's (BPA) competitiveness in the years to come.



L to R: Jeff Peterson, Secretary Zinke, Bryan Case

Employee Spotlight: Steve King

In the employee spotlight last month, we made the error of stating that Teresa Skreen was the second longest tenured employee of PNGC Power. However, that isn't true. She's only the second longest tenured PNGC employee in the *Portland* office. The true title holder of second longest tenured employee of PNGC Power goes to: Steve King.

King is PNGC Power’s Generation Resource Manager, and he manages the facility operations and maintenance of our Coffin Butte Landfill Gas Plant, near Corvallis, Oregon. He’s been with the company since 1995. As the manager, he also deals with compliance and permits, fulfilling contractual obligations, supervises the other two full-time employees, and details overall plant safety.

“Coffin Butte is a great little plant. It runs 24 hours a day, 7 days a week, and we have personnel on hand at all times to respond in the event of an outage,” King said. “Many folks aren’t aware that we produce electricity from a waste fuel source. It’s the ultimate upcycle. Our plant produces enough energy to power about 4000 homes.”



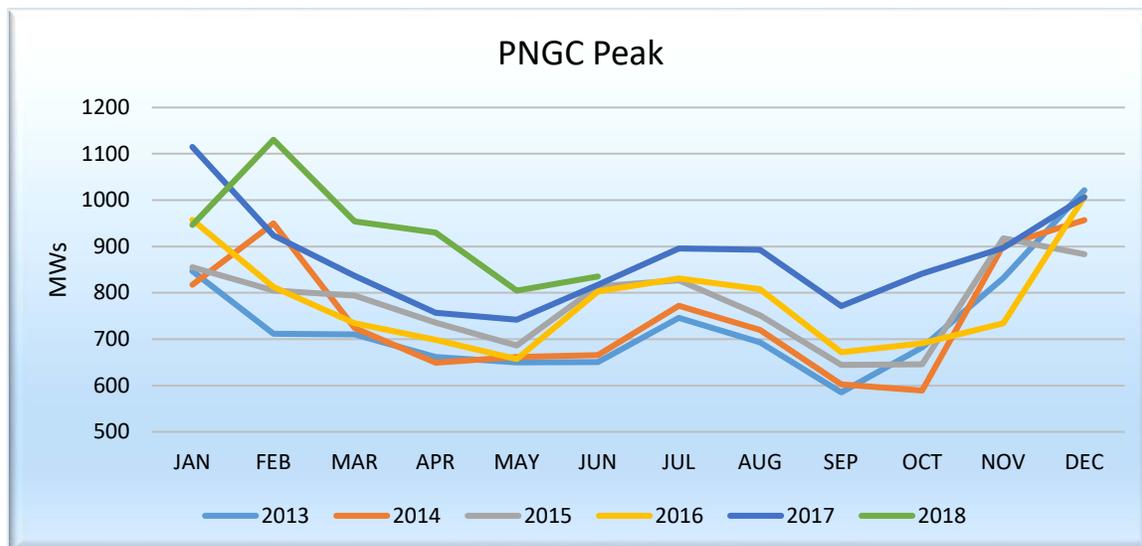
Steve King

The plant attracts a lot of outside interest as well, King said, noting that he conducts about 12-15 tours per year of groups including middle, high school, and college students, civics groups like the Kiwanis and Lions, and once, even a book club.

King’s wife Lisa is a registered nurse, and they have 4 children. In the summers he likes to wakeboard and surf behind his boat, as well as hike and camp. He also works on remodeling their 70 year old house that they have lived in for 25 years. King and his wife have both lived in Eugene their whole lives.

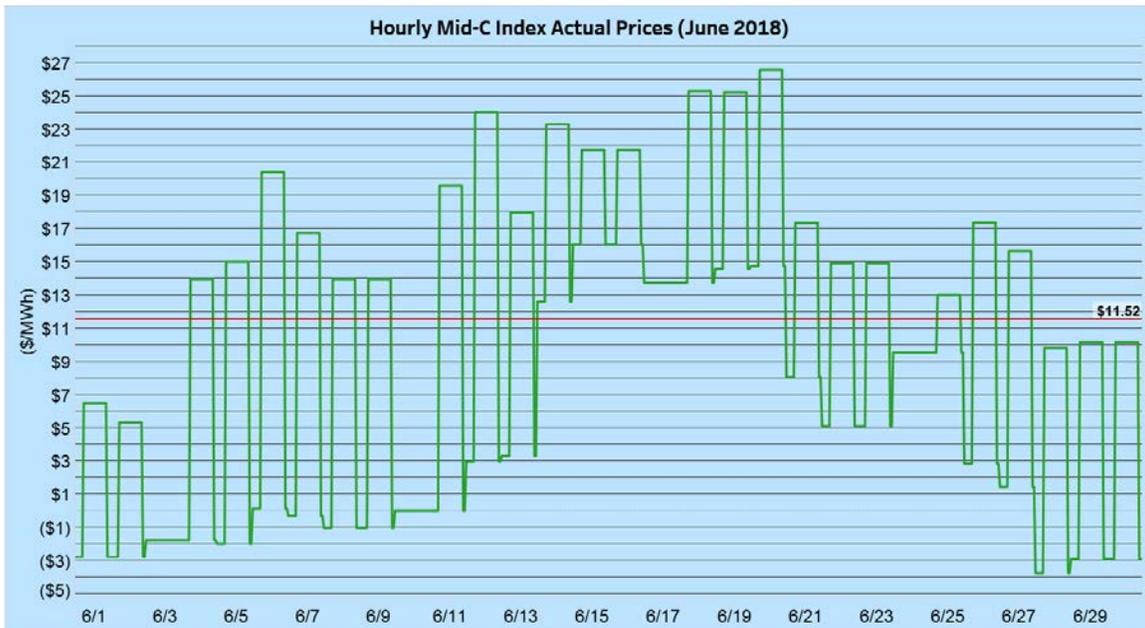
PNGC Peak by Month & Year

The graph below compares PNGC Power’s peak demand by month for the last 5 years.



Mid-C Pricing

The graph below shows Mid-C Pricing for the month of June 2018



BPA Happenings

- July 20 TC-20 Generation Interconnection Update
- July 23 TC-20 Tariff Customer Workshop
- July 23 Transfer Services Guidelines – Public Comment Period Closes
- July 24 BPA EIM Stakeholder meeting
- July 25 FY 2020-21 Rate Period High Water Mark Workshop
- July 25 BP-20 Rate Case Workshop
- July 25 CBPI Customer conference call
- July 31 Quarterly Business Review
- August 8 BP-20 Rate Case Workshop
- August 21 TC-20 Tariff Customer Workshop

Upcoming PNGC Events

- August 7 PNGC Board Meeting
- August 17 PNGC Summer Staff picnic



About PNGC Power:

PNGC Power is a Portland-based electric generation and transmission (G & T) cooperative owned by 15 Northwest electric distribution cooperative utilities with service territory in seven western states (Oregon, Washington, Idaho, Montana, Utah, Nevada and Wyoming). The company creates value for its member systems by providing power supply, transmission, and other management services. PNGC Power is an aggregator of geographically diverse loads in the region.

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PNGC Power Pulse

August 2018

Inside This Issue

- 1 Avoiding Price Surges
- 2 Dog Days of Summer
- 3 PNGC Peak
- 3 Mid-C Pricing
- 4 BPA Happenings
- 4 Upcoming PNGC Events

Avoiding Price Surges

Mid-C day ahead prices soared in July, peaking at an exceptionally high \$220 per MWh. The monthly average came in at \$52.91 per MWh. As electric market participants throughout the Northwest scrambled during this time, PNGC was able to avoid feeling most of the effects of this pricing surge because of a sound purchasing strategy.

"It's amazing how volatile the market can be, especially when weather driven conditions converge with remarkable incidents such as extensive wildfires and natural gas supply issues," said Jeff Kugel, PNGC Power's Resource Analyst. "Pervasive high temperatures across the entire West Coast in July drove customer use and there was a steep demand for electricity, driving prices way up." Jeff went on to explain that PNGC's purchasing strategy is designed to purchase a variety of different blocks of power at various times prior to energy delivery, essentially layering in various power purchases to create a robust portfolio consisting of many smaller purchases, which make up the larger whole. For example, PNGC did have to purchase a small amount of energy in the second half of July during the surge in pricing, at an average price nearly three times the forecasted cost. However, this only raised the weighted average cost slightly due to the fact that 95% of the power portfolio was already purchased for this period at an average price of below \$25 MWh.



PNGC's purchasing strategy works to balance risk management with the ability to participate in opportunities for low-cost electricity. "July was a great example of how our purchasing strategy can save PNGC members a substantial amount of money," said Greg Mendonca, PNGC Power's Vice President of Power Supply. "Because we'd purchased blocks of power well ahead of time, we were able to protect the Part B Pool from abnormally high wholesale power prices last month. That makes a big difference to our members back home."

Dog Days of Summer

Studies show that animal companions lower stress and boost the health of their human companions. And researchers say that animal companions like dogs can help buffer the stress of workplaces and boost productivity, too. (One recent study to look at was published in the *International Journal of Workplace Health Management*, although data across studies has bolstered this theory as well. Google provides lots of links.)

While the scientific benefits are inarguable, most can easily agree that the presence of a dog at work is just plain fun. "I usually bring Moby in at least once a week," said Alissa Jackson, PNGC Power's Manager of Accounting, about her 100 lb. Black Lab/Rottweiler rescue dog. "We like to joke that she's a 'dog with a job.' She takes it seriously! She looks forward to coming into work, and I know people look forward to seeing her."



"We've been allowing dogs to come into the office for a little over a year now, and I think it adds a little levity to the office," said Teresa Skreen, PNGC Power's Vice President of Administration. Teresa brings her young Boxer, Flynn, to the office a couple times a week. "People like to stop by and give the pup a pat on the head. And it's nice to be able to bring our furry friends in for the day. I think it's good for morale, and I think the office is better for it."

The rules are simple: no dogs on important meeting days, and only one dog at a time. And, as in any professional setting, owner and dog must be under control at all times. "It works for now," Skreen went on to say. "Obviously, if we end up hiring someone who is allergic to dogs we'll have to stop. But for now, we're enjoying a little bit of fun in our hectic days."

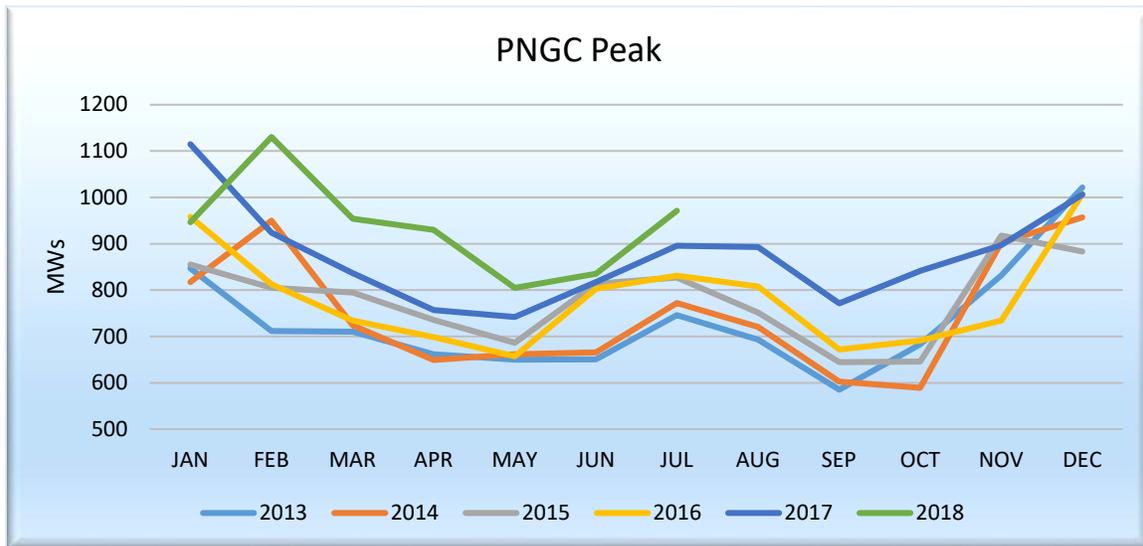


While none of the dogs that come into PNGC are on the payroll, it feels fitting to honor them as the employee spotlights this month. Thank you to all the very good dogs, for all you do at PNGC.

Top: Moby
Bottom, L to R: Gus, Kipper, Flynn

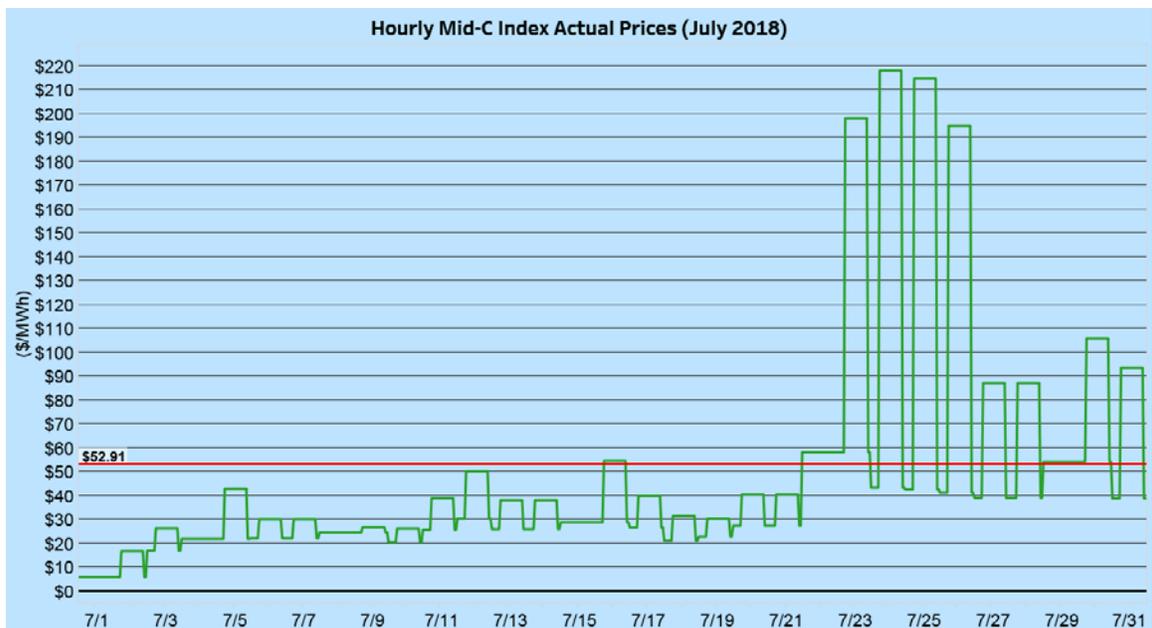
PNGC Peak by Month & Year

The graph below compares PNGC Power’s peak demand by month for the last 5 years.



Mid-C Pricing

The graph below shows Mid-C Pricing for the month of July 2018



BPA Happenings

August 21	TC-20 Tariff Customer Workshop
August 22	BP-20 Rate Case Workshop
August 23	Transmission Planner CFR Customer Workshop
Sept. 6	Town Hall to Discuss Modernization of the Columbia River Treaty
Oct. 11	BPA EIM Stakeholder Meeting

Upcoming PNGC Events

August 17	PNGC Summer Staff picnic
Sept. 5	PNGC Board Meeting
Sept. 9-11	National G&T Manager's Association Meeting
Oct. 1-2	PNGC Power Annual Meeting



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Washington Rural Electric
Cooperative Association

Update

To: WRECA Members

July 26, 2018

From: Kent Lopez, General Manager

Not a lot has happened since the last UPDATE except that it is very hot – at least it's hot for the west side of the mountains. On the legislative front, we continue to work with other utility lobbyists on two primary areas of state energy policy – a proposed clean energy standard and amending the net metering statute.

Grant and I have met with several legislators and the governor's office about proposals for a clean energy standard specifically. We have additional meetings with stakeholders already scheduled and are trying to schedule meeting with more legislators.

As a recap, a clean energy standard, or CES, would require that all electricity sold in the state at retail be generated by resources that don't emit carbon. The most common proposal is that 100 percent of the electricity be carbon free by 2045. Our concerns are that the proposals to date have not addressed the need for peaking capacity needed to address system reliability concerns.

However, as people have been able to think about the our concerns without the pressure of an on-going legislative session, we are hearing agreement that any CES must provide for situations that require fossil generation, most likely to be natural gas, to maintain the reliability of the transmission and distribution grid. This is a hopeful sign that maybe our constant warnings about the "unintended consequences" of a 100 percent CES requirement are being understood and taken into consideration.

One idea that has been put on the table is changing the definition of "100 percent" from an hour-by-hour requirement to an annual requirement which would allow for some offsets when carbon emitting resources are required. This "annual net" definition is a step in the right direction and we'll continue the discussions.

The cost and reliability issues with a CES are a major concern of the WRECA Legislative Advisory Committee – which met last week in West Richland. The first hour of the meeting was spent reviewing the various climate-related legislative proposals being discussed during this interim, especially the CES proposals. This will continue to be the focus of the LAC discussions because several legislators have indicated that they want a CES passed by the upcoming legislature, regardless of the outcome of the vote on ballot initiative 1631.

The LAC also spent nearly an hour and a half with Therese Hampton who is executive director of the Public Generating Pool (PGP). The PGP and other entities had asked E3, an industry consulting firm from California, to compare the cost-benefits of various scenarios for addressing carbon reduction.

The scenarios that were reviewed by E3 were (all implemented by 2050):

- A Regional Renewable Portfolio Standard (RPS) at 30%
- A Regional RPS at 40%
- A Regional RPS at 50%
- The governor's carbon tax proposal from last legislative session
- The senate's carbon tax proposal from last legislative session
- A 40% reduction in greenhouse gas (GHG) emissions
- A 60% reduction in GHG emissions
- An 80% reduction in GHG emissions (which is the goal stated in current Washington law)
- A 90% reduction in GHG emissions
- A 95% reduction in GHG emissions, and
- A 100% reduction in GHG emissions.

Therese noted that the cost estimates for achieving the various proposed scenarios in 2050 ranged from just over \$1 billion per year to achieve the state's current goal of an 80% reduction in GHG emissions to well over \$18 billion per year to achieve a 100% reduction in GHG emissions.

The committee is reviewing the information in the E3 report as it considers updates to the WRECA legislative objectives and carbon principles for the WRECA board to adopt prior to the 2019 legislative session.

Other issues on the LAC agenda:

- Proposals to increase and expand the state's Renewable Portfolio Standard
- Proposals to amend the states net metering law, and
- Potential impacts of voter initiative 1631.

Speaking of I-1631, we're hoping that the Association of Washington Businesses (AWB) will spearhead a campaign in opposition to the initiative – I-1631 is the voter initiative that will impose a tax on any carbon emissions in Washington State. The signatures have been turned in the Secretary of State's office and it appears that the initiative will be on the November general election ballot.

AWB doesn't usually take a position on an initiative until after the primaries in August. However, due to the nature of this initiative, the AWB Climate and Energy Committee passed a recommendation that AWB oppose the initiative. The recommendation was sent to the AWB Government Affairs Committee which voted yesterday to accept the recommendation of the Climate and Energy Committee to oppose the initiative and sent the recommendation to the AWB board which is considering it today.

During this process, AWB has commissioned several polls to determine the potential level of support for the initiative. The results of the latest poll were presented to the Climate and Energy Committee during a meeting on Tuesday. If I were a supporter of I-1631 and knew what the poll revealed, I'd be nervous.

Registrations are now being accepted for the 2018 NRECA Regional Meeting – Sept. 25-27 in Anchorage.

NRECA has released the proposed member resolutions for consideration at the Regional Meetings. This year, WRECA is once again sponsoring a new resolution. This one urges support of policies and investments that incent electric vehicles and the related infrastructure. Elmhurst General Manager Dan Brooks is serving as the Washington member on the Region 9 Resolutions Committee and is responsible for drafting this proposal for the NRECA membership consideration.

So plan to attend the Region 9 meeting and support adoption of Proposed New Resolution number 1. For more information and to register, go to www.cooperative.com.

CORRECTION: The 2019 WRECA Annual Meeting is June 11 – 12 at the Centennial Hotel in Spokane – which used to be the Hotel RL.

We've confirmed our keynote speaker who will be Curtis Wynn, President and CEO of Roanoke Electric Cooperative, Ahoskie, NC, and incoming President of NRECA.

John Irwin and Sam Waldron are investigating potential golf courses for the 2019 WECPAC golf tournament and will report on their progress at the upcoming board meeting.

Put the dates on your calendar.

Important dates – please put the following on your calendars:

- Sept. 17 – WRECA Governance Overview, Spokane Valley WA
- Sept. 18 – WRECA Board of Directors, Spokane Valley, WA
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Please let me know if you have any questions. – Kent



Washington Rural Electric
Cooperative Association

Update

To: WRECA Members

August 21, 2018

From: Kent Lopez, General Manager

The big news for August is the primary election held on the 7th – While the Washington Secretary of State has until this coming Friday to certify the primary election results, it is clear that unless more Republicans turn out to vote in November, Democrats will increase their majorities in both the Washington State House of Representatives and the Washington State Senate.

According to analysis done by Grant Nelson, in the House, the so-called "blue wave" has put Democrats ahead in combined vote totals (adding all candidates from the same party together) in 15 districts currently held by Republicans, while Senate Democrats are ahead in combined vote totals in three districts currently held by Republicans.

According to Grant, the results in several key districts were either somewhat surprising or are ones to pay close attention to in November:

- Representative David Taylor (R-15, Moxee) did not finish in the top-two and will not be coming back to Olympia in 2019. Republican candidate Jeremie Dufault, who is a real estate developer and serves on the Selah city council has a substantial lead over Democrat A.J. Cooper and is expected to win the general election. That won't be a change in the party holding that seat, but we'll miss Rep. Taylor's assistance;
- Representative David Sawyer (D-29, Lakewood, Parkland) did not make the top-two and it appears that Democrat Melanie Morgan has the best chance of winning that seat. While that will not be a party change in that position, Rep. Sawyer has been helpful to the WRECA members with service territory in the 29th District;
- Both Republican House candidates in the 5th District (North Bend, Issaquah), Chad Magendanz and Paul Graves are behind by almost 10 percentage points, which means that the Democrat candidates would probably win those seats if the general election were held today. These two House seats, which are currently occupied by Republicans, will be key races to watch;
- It's a similar situation in the 10th District (Whidbey Island, Stanwood) where both incumbents, Representatives Norma Smith (R) and Dave Hayes (R), are trailing their Democrat challengers;
- In the 42nd District (Whatcom County), Senator Doug Ericksen (R), and Republican House members Luanne Van Werven and Vincent Buys have less than 50 percent of the vote. All three are races to watch closely;
- Finally, in the 6th District (Spokane), all three Republican candidates (Representative Jeff Holy, who's running for the Senate, Representative Mike Volz and Jenny Graham) are trailing.

Right now, based on the results from the August 7 primary, we don't see any seats in the State House or State Senate that are currently held by Democrats being taken over by Republicans.

Fortunately, WRECA has strong relationships on both sides of the political aisle in Washington, so regardless of how the general election shakes out, we will need to continue working with and educating policy makers on the issues that matter most to our members. The key will be meeting early with the new members of the legislature, especially those from electric cooperative service areas and those who are members of the jurisdictional committees.

Speaking of jurisdictional committees, there are changes in the leadership of the House Finance Committee – which has been chaired the past few years by Rep. Kristine Lytton (D-40). Rep. Lytton was instrumental in getting our bill that would remove the B&O tax liability on interest paid to CFC through the House last session. Rep. Lytton is not running for re-election this year and we're in a holding pattern concerning the bill until we learn who will be the chair of the House Finance Committee in 2019.

Otherwise, we're not expecting any major changes in the leadership of the jurisdictional committees that we work with on a regular basis. But you never know until the last minute, so stay tuned.

Results look similar for Washington's Congressional delegation – there are nine incumbents and one open seat for the U.S. House of Representatives.

All but one of the Democrat incumbents received over 50 percent of the vote meaning they should not have any problems being re-elected in the general election. The one Democrat who did not get 50 percent of the primary vote is Cong. Adam Smith (D-9). However, the second place candidate to advance to the general election ballot is also a Democrat so no matter who wins that race, the seat will remain Democrat.

On the other side of the aisle, only one Republican incumbent received more than 50 percent of the primary vote – Cong. Dan Newhouse (R-4) who received over 63 percent of the vote. The rest of the seats currently held by Republicans could be switched in the general election:

- District 3 – Cong. Jaime Herrera Beutler received 42 percent of the vote. The combined Republican vote in the primary came to almost 51 percent. Cong. Herrera Beutler will have to work very hard to retain her seat.
- District 5 – Likewise, Cong. Cathy McMorris Rodgers received only 49 percent of the primary vote and the combined Republican vote was just over 52 percent of the primary vote. That race is also too close to call.
- District 8 – This is the open seat with the retirement of Cong. Dave Reichert (R). The two candidates advancing to the general election are Dino Rossi (R) and Kim Schrier (D). The total combined Republican votes were 47 percent of the vote count, and the total combined Democrat votes were 50 percent.

The other major ballot measure in November is I-1631 – the voter initiative that will impose a tax on any carbon emissions in Washington State.

Since my last report, the Association of Washington Business (AWB) has voted to oppose the initiative as we had hoped. We are now in talks with representatives from the “NO on I-1631

Coalition” about our options for assisting with that effort. Those options will be discussed with the Legislative Advisory Committee which will then make a recommendation to the WRECA Board next month.

The Legislative Advisory Committee will be meeting next month in Pasco – to develop recommendations on candidates to support with our WECFAC funds. The recommendations will be presented to the WRECA Board which will make the final decisions on campaign contributions. The Legislative Advisory Committee will also meet with the Energy Committee of the Washington PUD Association for a discussion on coordinating legislative efforts among the WRECA and WPUDA membership during the upcoming legislative session. While lobbyists for both organizations have always collaborated on legislative agendas, the committee wanted a “member-to-member” discussion with WPUDA to raise the collaboration to a higher level.

Troy Berglund, Community Development and Member Relations Manager at Benton REA, is the interim chairman of the Legislative Advisory Committee and will report on this joint meeting at the WRECA Board meeting next month.

Mike Bradshaw, Benton REA General Manager, and Troy Berglund attended a meeting with Sen. Patty Murray’s staff concerning pole attachment legislation – The meeting was hosted by NWPPA and PPC and was with Josephine Eckert who is the Energy Legislative Assistant to Sen. Murray.

The meeting focused on concerns that public power has with a bill introduced in the U.S. Senate that would do away with an electric cooperative’s local control of attachments to its poles by private entities by removing the exemption for public power entities that is in existing law. Eckert was very familiar with the legislation and was interested in public power’s experiences.

Mike and Troy reiterated NWPPA’s position that regulating public power is not necessary. Mike also emphasized some safety concerns, noting that installing any telecommunications equipment above or below electric utility lines on power poles not originally configured for such equipment requires careful planning with safety in mind. Eckert promised to talk with the Senate Commerce Committee staff about the proposed legislation and to monitor the bill as it proceeds to a hearing this Fall.

LAST CALL – you can still register for the 2018 NRECA Regional Meeting – Sept. 25-27 in Anchorage. Registration information and a full agenda are available at www.cooperative.com.

NRECA has released the proposed member resolutions for consideration at the Regional Meetings. This year, WRECA is once again sponsoring a new resolution. This one urges support of policies and investments that incent electric vehicles and the related infrastructure. Elmhurst General Manager Dan Brooks is serving as the Washington member on the Region 9 Resolutions Committee and is responsible for drafting this proposal for the NRECA membership consideration. The NRECA National Resolutions Committee not only accepted the proposed resolution, but is recommending that all of the NRECA membership endorse the resolution.

So plan to attend the Region 9 meeting and support adoption of Proposed New Resolution number 1.

Important dates – please put the following on your calendars:

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General Manager's Report to the Board – August 2018

General Discussion:

- Per discussion with the Board last year during the budget process, we will finalize the 2019 budget after the audit is completed in January. In preparation for the budget, staff will present budget topics for the Board to discuss starting this month and ending in November. The purpose of this is to deep dive into these topics and have a discussion with the Board so there are no surprises in the final budget. The topics to be discussed are:
 - August – Tree trimming and right-of-way clearing proposal
 - September – Succession planning – additional employee for 2019
 - October – Capital credits (Approval of 2018 and budget for 2019)
 - November – Preliminary approval of 2019 capital budget

If there any additional topics the Board wants to explore, please advise. While we will discuss these topics, nothing will be approved until the entire budget is finalized in 2019 (with the exception of the 2018 capital credit distribution).

- Staff has been attending the daily fire briefings for local entities that may be involved in the fires. These meetings provide coordination between these different entities. Also we are attending the community fire meetings in case there are any questions for us about electrical service during fire operations.
- We had a conference call with our BPA transmission representatives about the delay in BPA's work on the new transmission line because of additional four months of environmental worked needed to dig a hole to set a pole. They were just a frustrated as we are on the delay. I pointed out the irony that just down the road at the fire scene up the Twisp River valley the federal government was using bulldozers and other implements of destruction to clear acres of land without any prior environmental work.

Financial Discussion

- For YTD July 2018, operating margins were \$5,000 over corresponding 2017 amounts and \$160,000 over 2018 budgeted amounts.

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- For YTD July 2018, nonpower expenses were \$139,000 under corresponding 2017 amounts and \$4,000 under budget.
- For Management Goal #2 which looks at A&G and the Customer Accounts, we were \$47,505 or 8.3% under budget for YTD July.
- Equity ratio for July 2018 is 68.3%. Equity ratio for July 2017 was 65.6%.
- For the first seven months of 2018, BPA power costs have increased 7.6 % on a kwh basis compared with 2017. So far for 2018, the estimated cost attributable to the increase in kwh rate is \$117,457. This is in line with expectations.

Comparison of BPA Power Costs for CY 2017 and CY2018

	CY 2017			CY 2018		
	KWH Purchased	Cost	Cents per KWH	KWH Purchased	Cost	Cents per KWH
Jan	9,911,795	\$ 412,865	4.2	7,789,025	310,626	4.0
Feb	7,558,410	\$ 333,045	4.4	7,309,665	361,998	5.0
March	5,913,945	\$ 243,202	4.1	5,927,840	262,674	4.4
April	4,152,605	\$ 191,448	4.6	4,105,730	214,477	5.2
May	3,623,220	\$ 133,899	3.7	3,443,600	145,406	4.2
June	3,421,650	\$ 155,255	4.5	3,472,835	165,471	4.8
July	4,336,360	\$ 179,386	4.1	4,348,875	199,106	4.6
Total	38,917,985	\$ 1,649,100		36,397,570	1,659,758	
Overall Cents/KWH	4.24			4.56		
Overall % Increase on a kwh basis.	7.6%					

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Estimated \$ in CY 2018 attributable to Increase in KWH rate \$ 117,457