

**2:00 PM – Governance Committee Meeting**



**BOARD OF DIRECTORS MEETING**

**November 26, 2018 at 3:00 PM**

**AGENDA**

1. Meeting Called to Order
2. Determination of Quorum
3. Approval of Agenda
4. Member Communications **(Tab 2)**
5. Approval of Consent Agenda **(Tab 3)**
  - a) Minutes from October 22, 2018
  - b) New Members
  - c) October 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 October Newsletter
  - l) Public Power Council November's Newsletter
  - m) OCEC December Newsletter
  - n) Article - BPA Resource Program Plan
  - o) Article – Developing a Broadband Business Plan
6. Committee Reports
  - a) Governance Committee

7. Meetings Attended
  - a) PNGC Monthly Board Meeting and CEO Interviews Nov. 5<sup>th</sup> thru 8<sup>th</sup>– David
  - b) CFC IBES Conference and Budget Pro Training - Nov 5<sup>th</sup> to 7<sup>th</sup> – Amelia Island, Florida, Lynn
  
8. Meetings to Attend
  - a) PNGC Monthly Board Meeting, Portland, December 4<sup>th</sup> – David
  - b) WRECA Board Meeting - December 11<sup>th</sup> SeaTac – David
  
9. General Managers Report (Tab 4)
  - a) Office Update
  - b) Operations Update
  - c) Propane Update

## ITEMS OF BUSINESS

- 1) 2019 Budget Topics
  - a. Capital Budget **(Tab 5)**
  - b. Board Room TV Projector
- 2) Approval of EES 2019 COSA Agreement (Tab 6)**
- 3) Bylaw Discussion
- 4) Process Discussion for Open Board Position

## EXECUTIVE SESSION

- 1) Broadband Discussion
- 2) 2019 Management Goals
- 3) Litigation Update

pdb

"good design is as little design as possible"  
Dieter Rams: ten principles for good design - 1970

Hello OCEC,

Thank you for the opportunity to apply for your Revolving Loan Fund. Though we have been recipients before, we will always take the time to apply. The deal is just too good! It can be put to work so quickly & do so much.

I look forward to growing our relationship w/ the OCEC RLF when the time is right! Thanks again for making this opportunity available for the Valley.

Jonathan Baker

## David Gottula

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**From:** Ryan Fortier <fortier.ryan@yahoo.com>  
**Sent:** Monday, November 19, 2018 9:00 AM  
**To:** David Gottula  
**Subject:** Fwd: OCEC November 2018 Newsletter

David,

I do not appreciate the monthly newsletter passing energy propoganda on the Snake River dams as important updates of our Coop programs. It is not enough space to capture the entire complexity of the issue and it is a waste of my rate payer funding for a project the Coop doesn't manage. Please refrain in the future from engaging in political activities and messaging with my funding.

Sincerely,  
Ryan Fortier  
314 Twin lakes road.  
Winthrop, WA

Sent from my iPhone

Begin forwarded message:

**From:** "OCEC Info" <[info@ocec.coop](mailto:info@ocec.coop)>  
**Date:** November 13, 2018 at 11:47:37 AM PST  
**To:** <[FORTIER.RYAN@YAHOO.COM](mailto:FORTIER.RYAN@YAHOO.COM)>  
**Subject:** OCEC November 2018 Newsletter

For past OCEC newsletters go to: [www.ocec.coop](http://www.ocec.coop)

Greetings,

I just wanted to reach out to tell you what a wonderful manager you have in Tracy McCabe. I had a lingering billing issue that she researched, picking up the threads and resolving it with great insight, professionalism, courtesy and fairness. I just wanted to say how grateful I am to OCEI leaders like you

who have made sure that people like Tracy are on the front lines assisting customers. You must be a great boss to engender such a helpful spirit, as evidenced by Tracy."

Hallmark

I appreciate all you do and be sure to let Tracy know she's a winner/keeper/one of the best!

Alden Jones



**BOARD MEETING**  
**October 22, 2018**

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

**Attending:** David Gottula; General Manager, Lynn Northcott; CFO/Office Manager, Deanna Melton; Staking Tech, Tracy McCabe; OCEI Propane Manager, and Teri Parker; Office Staff.

**Members in Attendance:** Michael Murray

**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 3:02 pm.

**2. DETERMINATION OF QUORUM**

A quorum was present.

**3. APPROVAL OF AGENDA**

David added Litigation Update to the Executive Session. Curtis added a discussion of I-1631 to the regular agenda. Agenda approved as amended by Board Consensus.

**4. APPROVAL OF CONSENT AGENDA ITEMS**

The Consent Agenda was approved by Board consensus.

**5. COMMITTEE REPORT**

Revolving Loan Fund Committee

To be discussed under items of business.

## **6. MEETINGS ATTENDED**

- a. PNGC Annual Meeting – Oct 1<sup>st</sup> & 2<sup>nd</sup> – David, Alan, John & Sarah

Sarah gave an overview of the meeting. Curtis asked the Board what their general feelings are about attending the meetings. Board consensus is the meetings are helpful and educational for Directors to attend.

- b. Methow Valley Broadband Community Meeting – Oct 10<sup>th</sup> – 7 PM – MV Community Center - Twisp

David reported the meeting was informational and well attended. Large sections of the Methow Valley which do not have adequate broadband service were identified. He noted that OCEC is willing to be part of the solution.

- c. WRECA Manager's Meeting – Oct 17<sup>th</sup> – Lakeview - David

David noted the meeting focused on Management and Personnel discussions.

Cooperatives around the state have job openings to fill and are experiencing a shortage of qualified or interested people to fill those jobs.

- d. PNGC Special Board Meeting – Oct 19<sup>th</sup> – Conference Call – David

David noted this meeting will include CEO Candidate reviews and the interview process.

## **7. MEETINGS TO ATTEND**

- a. PNGC Monthly Board Meeting & CEO Interviews – Nov 5<sup>th</sup> – 8<sup>th</sup> - David
- b. WRECA Board Meeting – Nov 11<sup>th</sup> – Sea Tac - David

## **8. GENERAL MANAGERS REPORT**

Attached and reviewed.

David reported OCEC is no longer accepting new applicants for the Washington State Solar Incentive program, we have reached our peak. The State has announced they will no longer be accepting new applications after Feb. 14, 2019 because they are approaching funding limits. OCEC is working to ensure the current applicants we have comply with the State's deadline.

David informed the Board OCEC and OCEI will have a Board/Employee Christmas Party sometime after the New Year.

David noted OCEC could be a participant in a Pacific Northwest National Laboratory program in creating Cyber-Security protocols using Multi-speak capabilities.

David has joined the Okanogan County Search and Rescue team.

## **1. Office Update**

Lynn Northcott suggested the OCEC meeting Agenda format be changed to allow for Member Communications at the beginning of regular meetings instead of the end. The reasoning is so members do not have to attend the entire meeting before given an opportunity to speak.

Board consensus is to move Agenda Item, Member Communication, to the beginning of Board meetings.

## **2. Operations Update**

Deanna Melton reported:

- Edelweiss Project is completed for 2018.
- Studhorse Project will be put off until 2019.
- Pole testing of the Chewuch circuit is completed – 6 primary poles and 2-service poles failed and will be replaced in the next few weeks. The poles were over 40-years old.
- OCEC crew and OCEI staff completed an Arc Demo and Propane Safety training for Okanogan County Fire District #6.
- Deanna will attend a Disaster Response Training/Meeting on November 8, 2018.

- A PUD planned outage will be on October 25<sup>th</sup> from 11:30 PM to October 26<sup>th</sup> at 6:00 AM. OCEC will replace a transformer at the Freestone end during the outage.
- OCEC was called to a recent fire at Buttermilk. Beavers had chewed through a cottonwood tree and it fell through a distribution line. The Crew will remove other danger trees when permission from property owners is granted.

## **ITEMS OF BUSINESS**

### **1. 2019 Budget Topics**

#### **a. 2019 Training/Conferences**

David reviewed the 2019 draft training schedule with the Board. Training and travel for staff and board had been cut back in the last few years.

#### **b. Capital Credits for 2019**

Board discussion included OCEC's margins, Rates and payout rotation, and how many years to include.

The consensus is to payout 1999, 2000, 2001 and partial 2002 in 2019; to be reviewed and approved in the 2019 budget process.

### **2. Approval of 2018 Capital Credits Payouts**

Ray moved to approve the 2018 Capital Credit payout of \$221,000 for 1997 and 1998. Second. Carried.

### **3. New Unmetered Energy Rate & Policy for Small Communication Installations**

Alan Watson moved to accept Policy No. 30-165 Unmetered Energy Rate Schedule as presented. Second. Carried.

### **4. Nomination Committee**

Six OCEC members have been approved to serve on the 2019 Nomination Committee.

Curtis suggested that Item No. 8 - Bylaw Discussion be a part of this item of business.

OCEC Bylaws allow for 3 Nominating Committee Members. The Board discussed changing the Bylaw wording to allow a minimum of three (3) members on the Nominating Committee.

**Article III Directors: Section 3 Nominations** currently reads 'a committee on nominations consisting of three Members.' Curtis' suggestion is to add three words 'a minimum of' to the sentence, no cap on how many committee members allowed.

Alan Watson moved to change the sentence to read, '*a committee on nominations consisting of a minimum of three Members*'. Second. Carried unanimously.

#### **Article III – Section 4 Vacancies**

The discussion point was; if a director term is vacated and another member is appointed to fill the remainder of the vacated term, the appointed Director would then run for the position in the next scheduled election. The question became – if the appointed Director does not win a position in the election – how will it be determined which elected Director will complete the shorter, remaining term.

Curtis will write up a Bylaw addition and David will present it to Legal for review.

#### **5. Strategic Plan**

Sarah moved to accept the Strategic Plan for 2019-2022 as presented. Second. Carried.

#### **6. 3<sup>Rd</sup> Quarter Balanced Scorecard Goals**

Presented and reviewed.

#### **7. Revolving Loan Fund**

John reviewed the applicants for funds and presented the following recommendation from the Committee:

1. Winthrop Ice Rink - \$63,500
2. Smiling Woods Yurts - \$40,000
3. Twisp Works - \$40,000

Sarah moved to accept the recommendation of the Finance Committee to loan \$143,500.00 of Revolving Loan Funds to Winthrop Ice Rink \$63,500; Smiling Woods Yurts \$40,000; and, Twisp Works \$40,000. Second. Carried.

**8. Bylaw Discussion**

See Item No. 4.

**9. I-1631 Discussion**

The Board discussed member feedback from OCEC's letter to the editor in the Methow Valley paper and sent out in our newsletter.

**MEMBER COMMUNICATION**

Michael Murray asked if the Strategic Plan will be on our Website; will OCEC be updating the website; expressed support in expanding the RLF program; asked if OCEC has a written policy on pre-emptive power shut-off in case of fire; questioned OCEC's position on utility scale batteries and discussed the net-meter program.

Adjourn at 4:45 pm.

**EXECUTIVE SESSION**

1. Subsidiary Update
2. Broadband Discussion
3. 3<sup>rd</sup> QTR Management Goals Update
4. 2019 Management Goals
5. Litigation Update
6. Personnel Discussion

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Alan Watson, Secretary

**New Members OCEC****November 26, 2018****REINSTATE**

1.

**NEW MEMBERS**

1. ZODA, RYAN	118154
2. WESTERN RIVERS CONSERVANCY	118155
3. WENGERD, GAVIN & KINDRA	115156
4. JACKSON, LISA & CARKIN, JULIE	115157
5. VOID	115158
6. VOID	115159
7. STEVENS, BRYN	115160
8. TROWSE, DARYN & BUFFY	118161
9. KEENEY, JENNY & GILES, SARAH	118162
10. ENGBERG, JOEL	118163
11. BOUCHARD, CASEY	118164
12. BELL, MADELEINE & RYAN	118165
13. KOLMAN, KEVIN & ORSINI, CAROLINE	118166
14. VOID	118167
15. LEDESMA, KASSANDRA & BURLINGAME, KLAYTON	118168
16. VOID	118169
17. HINZ, JIM	118170
18. CANON, JOSEPH & TERESA	118171
19. VAN STIRUM, TRISTAN	118172
20. HINCKLEY, MATTHEW & ANDERSON, BETH	118173
21. HALL, MONICA & LAWRENCE	118174
22. HARTLE, KIRSTEN & TYLOR	118175
23. MONRO, NICHOLAS	118176
24. KING, JULIE & KISER, SCOTT	118177



<b>NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT</b>	<b>BORROWER NAME</b>	Okanogan County Electric Coop Inc
	<b>BORROWER DESIGNATION</b>	WA032
	<b>ENDING DATE</b>	10/31/2018

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.		<b>A. NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA?</b>
Signature of Office Manager or Accountant  11/15/18 Date		<input checked="" type="radio"/> YES <input type="radio"/> NO
Signature of Manager  11-15-18 Date		<b>B. Will you authorize CFC to share your data with other cooperatives?</b>
		<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	4,638,457	4,502,677	4,260,561	419,359
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	2,202,886	2,202,851	2,135,225	184,784
4. Transmission Expense	0	0	0	0
5. Regional Market Operations Expense	0	0	0	0
6. Distribution Expense - Operation	56,555	72,668	58,863	5,435
7. Distribution Expense - Maintenance	474,244	474,808	473,100	31,063
8. Consumer Accounts Expense	239,537	247,770	250,474	25,946
9. Customer Service and Informational Expense	4,275	5,015	4,976	0
10. Sales Expense	1,315	4,896	0	(463)
11. Administrative and General Expense	632,164	476,631	563,396	45,886
<b>12. Total Operation &amp; Maintenance Expense (2 thru 11)</b>	<b>3,610,975</b>	<b>3,484,638</b>	<b>3,486,034</b>	<b>292,651</b>
13. Depreciation & Amortization Expense	308,396	316,062	328,900	29,029
14. Tax Expense - Property & Gross Receipts	35,868	37,523	35,940	3,766
15. Tax Expense - Other	143,950	139,558	156,583	13,264
16. Interest on Long-Term Debt	175,428	168,723	168,143	16,733
17. Interest Charged to Construction (Credit)	0	0	0	(19)
18. Interest Expense - Other	0	0	0	0
19. Other Deductions	0	0	0	0
<b>20. Total Cost of Electric Service (12 thru 19)</b>	<b>4,274,618</b>	<b>4,146,504</b>	<b>4,175,601</b>	<b>355,424</b>
<b>21. Patronage Capital &amp; Operating Margins (1 minus 20)</b>	<b>363,839</b>	<b>356,174</b>	<b>84,960</b>	<b>63,935</b>
22. Non Operating Margins - Interest	11,775	19,022	16,711	2,489
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	35,422	27,132	30,000	0
25. Non Operating Margins - Other	15,000	15,000	15,000	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
<b>29. Patronage Capital or Margins (21 thru 28)</b>	<b>426,036</b>	<b>417,327</b>	<b>146,672</b>	<b>67,924</b>

**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	57	52	5. Miles Transmission	0	0
2. Services Retired	4	5	6. Miles Distribution Overhead	301	302
3. Total Services In Place	3,724	3,779	7. Miles Distribution Underground	210	212
4. Idle Services (Exclude Seasonal)	105	102	<b>8. Total Miles Energized (5+6+7)</b>	<b>511</b>	<b>514</b>



<b>NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT</b>	<b>BORROWER NAME</b>	Okanogan County
	<b>BORROWER DESIGNATION</b>	WA032
	<b>ENDING DATE</b>	10/31/2018

**PART C. BALANCE SHEET**

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	13,887,411	29. Memberships	16,155
2. Construction Work in Progress	378,775	30. Patronage Capital	7,367,542
<b>3. Total Utility Plant (1+2)</b>	<b>14,266,186</b>	31. Operating Margins - Prior Years	888,188
4. Accum. Provision for Depreciation and Amort	4,710,376	32. Operating Margins - Current Year	402,327
<b>5. Net Utility Plant (3-4)</b>	<b>9,555,810</b>	33. Non-Operating Margins	15,000
6. Nonutility Property - Net	0	34. Other Margins & Equities	478,719
7. Investment in Subsidiary Companies	662,742	<b>35. Total Margins &amp; Equities (29 thru 34)</b>	<b>9,167,931</b>
8. Invest. in Assoc. Org. - Patronage Capital	337,136	36. Long-Term Debt CFC (Net)	0
9. Invest. in Assoc. Org. - Other - General Funds	0	37. Long-Term Debt - Other (Net)	3,401,036
10. Invest in Assoc. Org. - Other - Nongeneral Funds	147,136	<b>38. Total Long-Term Debt (36 + 37)</b>	<b>3,401,036</b>
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	<b>41. Total Other Noncurrent Liabilities (39+40)</b>	<b>0</b>
<b>14. Total Other Property &amp; Investments (6 thru 13)</b>	<b>1,160,514</b>	42. Notes Payable	0
15. Cash-General Funds	730,498	43. Accounts Payable	298,618
16. Cash-Construction Funds-Trustee	0	44. Consumers Deposits	151,555
17. Special Deposits	163,490	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	404,290	48. Other Current & Accrued Liabilities	241,836
21. Accounts Receivable - Net Other	797,976	<b>49. Total Current &amp; Accrued Liabilities (42 thru 48)</b>	<b>692,009</b>
22. Renewable Energy Credits	0	50. Deferred Credits	0
23. Materials & Supplies - Electric and Other	303,023	<b>51. Total Liabilities &amp; Other Credits (35+38+41+49+50)</b>	<b>13,260,977</b>
24. Prepayments	5,951		
25. Other Current & Accrued Assets	966	<b>ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION</b>	
<b>26. Total Current &amp; Accrued Assets (15 thru 25)</b>	<b>2,544,653</b>	Balance Beginning of Year	0
27. Deferred Debits	(0)	Amounts Received This Year (Net)	408,131
<b>28. Total Assets &amp; Other Debits (5+14+26+27)</b>	<b>13,260,977</b>	<b>TOTAL Contributions-In-Aid-Of-Construction</b>	<b>408,131</b>

**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**

October 31, 2018

	<b>ANNUAL BUDGET</b>	<b>Y-T-D BUDGET</b>	<b>Y-T-D ACTUAL</b>	<b>MONTH BUDGET</b>	<b>MONTH ACTUAL</b>
OPERATING REVENUE	\$5,501,400	\$4,260,561	\$4,502,677	\$370,942	\$419,359
COST OF POWER	\$2,710,581	\$2,135,225	\$2,202,851	\$189,749	\$184,784
<b>GROSS MARGINS</b>	\$2,790,819	\$2,125,336	\$2,299,826	\$181,193	\$234,575
<b>OPERATING EXPENSES:</b>					
DISTRIBUTION OPERATIONS	\$69,955	\$58,863	\$72,668	\$5,074	\$5,435
DISTRIBUTION MAINTENANCE	\$574,972	\$473,100	\$474,808	\$40,128	\$31,063
CONSUMER ACCOUNTING	\$299,885	\$250,474	\$247,770	\$25,628	\$25,946
CONSUMER SERVICE & INFO	\$5,700	\$4,976	\$5,015	\$362	\$0
SALES EXPENSE	\$0	\$0	\$4,896	\$0	-\$463
ADMIN & GENERAL	\$674,637	\$563,396	\$476,631	\$58,211	\$45,886
<i>TOTAL OPERATING EXPENSES</i>	\$1,625,149	\$1,350,809	\$1,281,787	\$129,403	\$107,867
<b>FIXED EXPENSES:</b>					
DEPRECIATION	\$394,680	\$328,900	\$316,062	\$32,890	\$29,029
TAXES-PROPERTY	\$43,128	\$35,940	\$37,523	\$3,594	\$3,766
TAXES-OTHER	\$185,500	\$156,583	\$139,558	\$26,458	\$13,264
INTEREST	\$201,772	\$168,143	\$168,723	\$16,814	\$16,733
OTHER DEDUCTIONS	\$0	\$0	\$0	\$0	-\$19
<i>TOTAL FIXED EXPENSES</i>	\$825,080	\$689,567	\$661,865	\$79,757	\$62,773
<b>TOTAL EXPENSES</b>	\$2,450,229	\$2,040,376	\$1,943,653	\$209,160	\$170,640
<b>OPERATING MARGINS</b>	\$340,590	\$84,960	\$356,174	-\$27,967	\$63,935
<b>NONOPERATING MARGINS:</b>					
INTEREST	\$51,154	\$46,711	\$46,154	\$795	\$2,489
OTHER	\$18,000	\$15,000	\$15,000	\$1,500	\$1,500
<b>NET MARGINS</b>	\$409,744	\$146,672	\$417,327	-\$25,672	\$67,924
<b>T.I.E.R.</b>	3.03	1.87	3.47	-0.53	5.06

Okanogan County Electric Cooperative Inc  
Budget Year: 2018

Forecasted

	2017	Budget year												
		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	\$54,531	\$16,107	\$67,924	\$112,177	\$149,896
Plus Depreciation Expense	\$0	\$394,680	\$31,740	\$31,717	\$31,834	\$31,882	\$31,899	\$31,872	\$32,009	\$32,035	\$32,046	\$29,029	\$32,890	\$32,890
Less Capital Credit Allocations	\$0	\$0	(\$29)	(\$751)	\$1,566	(\$120)	(\$683)	\$0	\$0	\$0	\$0	(\$170)	\$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	\$86,566	\$48,153	\$96,783	\$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)	(\$6,409)	(\$6,331)	(\$5,652)	(\$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)	\$11,450	(\$1,860)	(\$1,751)	(\$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)	\$7,522	\$11,390	\$6,777	\$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	\$2,976	\$2,975	\$2,975	\$2,975	\$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)	\$15,539	\$6,174	\$2,349	(\$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)	(\$45,887)	\$59,471	(\$44,976)	\$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	\$16,516	(\$30,661)	(\$26,385)	\$0	\$0
Increase/(Decrease) in Operating Liabilities	\$0	(\$40,797)	\$12,272	(\$18,975)	(\$147,544)	(\$354)	(\$54,313)	\$76,101	(\$32,647)	(\$29,371)	\$28,810	(\$71,361)	\$0	\$0
CASH FROM OPERATING ACTIVITIES	\$0	\$854,070	\$202,078	\$47,535	\$53,835	\$164,674	\$112,496	\$139,459	(\$129,993)	\$72,734	\$83,137	\$27,771	(\$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)	(\$43,052)	(\$37,040)	(\$4,030)	(\$52,147)	(\$55,768)
Cost to Retire Utility Plant	\$0	\$0	\$521	\$7,500	(\$12,262)	\$242	\$6,504	(\$12,477)	(\$1,278)	\$8,622	\$6,631	\$2,837	\$0	\$0
Construction Work-in-Progress	\$0	\$0	\$202,273	(\$36,843)	(\$33,795)	(\$67,376)	(\$58,546)	(\$143,843)	\$2,318	(\$69,169)	(\$69,924)	(\$94,900)	\$0	\$0
Contributions in aid of construction (CIAC)	\$0	\$277,356	\$1,152	\$302	\$11,411	\$64,525	\$73,167	\$76,580	\$40,918	\$31,958	\$63,525	\$46,472	\$20,000	\$13,678
Total Other Property and Investments	\$0	\$0	\$247	(\$762)	\$453	\$0	\$0	\$0	\$0	(\$12,524)	(\$289)	\$0	\$0	\$0
Materials & Supplies - Electric and Other	\$0	\$0	(\$1,394)	\$113	(\$2,104)	(\$8,140)	\$1,869	(\$5,149)	(\$18,228)	(\$3,262)	(\$17,704)	(\$1,959)	\$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)	(\$87,427)	(\$54,801)	(\$51,580)	(\$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												
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										
LT Debt - Current maturities	\$0	\$0	\$0	\$0										
Consumer Membership	\$0	\$0	\$20	\$0	\$5	\$35	\$15	\$40	\$20	\$20	\$35	\$55	\$0	\$0
Consumers Deposits	\$0	\$0	\$1,250	(\$1,432)	(\$4,550)	\$1,850	\$1,460	\$1,150	\$950	\$455	\$1,295	\$600	\$0	\$0
CASH FROM FINANCING ACTIVITIES	\$0	(\$332,239)	\$1,270	(\$1,432)	(\$36,861)	\$1,885	\$1,475	(\$31,617)	\$970	\$475	(\$31,975)	\$655	\$0	(\$233,811)
CASH FROM ALL ACTIVITIES	\$0	(\$64,334)	\$45,252	\$60,464	(\$33,414)	\$150,034	\$134,958	\$12,199	(\$168,378)	(\$14,218)	(\$3,639)	(\$23,154)	(\$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	\$757,290	\$753,651	\$730,498	\$655,977
TOTAL CASH END OF PERIOD	\$570,393	\$506,059	\$615,645	\$676,109	\$642,695	\$792,729	\$927,687	\$939,886	\$771,508	\$757,290	\$753,651	\$730,498	\$655,977	\$475,460

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

	Current Month			Year to Date			Annual	Annual
	Actual	Budget	Variance	Actual	Budget	Variance	Budget	Balance
Member Requested Facilities	41,022.85	24,118.00	(16,904.85)	255,602.91	184,905.00	(70,697.91)	200,983.00	(54,619.91)
Replacements (Poles & Transformers)	26,627.41	22,087.00	(4,540.41)	210,571.71	151,533.00	(59,038.71)	103,872.00	(106,699.71)
<b>OCEC Projects:</b>	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	0.00	0.00	0.00	49,718.00	49,718.00	49,718.00	49,718.00
Replace 2500' of URD at Edelweiss - Part 1	19,273.94	14,489.00	(4,784.94)	60,064.02	57,957.00	(2,107.02)	57,957.00	(2,107.02)
Convert 3500' of OH to URD at Bear Crk	0.00	0.00	0.00	0.00	54,765.00	54,765.00	41,859.00	41,859.00
Replace 3000' of URD at Davis Lake	0.00	12,906.00	12,906.00	17,674.73	37,812.00	20,137.27	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	1,473.16	0.00	(1,473.16)	4,565.29	10,000.00	5,434.71	10,000.00	5,434.71
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	0.00	0.00	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	5,000.00	5,000.00	5,000.00	5,000.00
Redo Asphalt in front & back, fix drain	0.00	0.00	0.00	17,272.76	25,000.00	7,727.24	25,000.00	7,727.24
Major Storm Damage	0.00	0.00	0.00	15,029.49	0.00	(15,029.49)	0.00	(15,029.49)
subtotal	88,397.36	73,600.00	(14,797.36)	629,234.84	626,960.00	(2,274.84)	658,052.00	28,817.16
Un Allocated Overhead	44,792.38			44,792.38	0.00	(44,792.38)		
<b>Member CIAC</b> CIAC	(46,472.00)	(30,000.00)	(16,472.00)	* (408,131.00)	(213,687.00)	(194,444.00)	(277,356.00)	130,775.00
Total less CIAC	86,717.74			265,896.22				
							* \$77,843.50 holding in CIAC 10/31/18	
<b>Meters Purchases</b>	2,026.00	0.00	(2,026.00)	23,206.00	20,000.00	(3,206.00)	20,000.00	(3,206.00)
<b>Computers &amp; Software Upgrades</b>	0.00	0.00	0.00	7,200.00	5,000.00	(2,200.00)	5,000.00	(2,200.00)
<b>Transformers Purchases</b>	40,726.47	0.00	(40,726.47)	132,746.26	70,000.00	(62,746.26)	70,000.00	(62,746.26)
<b>Vehicle Replacement</b>	0.00	0.00	0.00	0.00	135,000.00	135,000.00	135,000.00	135,000.00
Total	129,470.21	43,600.00		429,048.48	643,273.00		230,000.00	66,847.74
Total Capital Budget less CIAC							610,696.00	181,647.52

\* Note

	Line Crew Direct Labor	Materials	107.25 Labor	Consultants 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	15,738.13	1,520.60	20,241.26	26,617.32	8,915.34	8,236.20	81,268.85
September	15,121.79	13,781.99	27,878.36	17,673.25	9,538.18	12,746.97	96,740.54
October	18,793.19	20,441.86	30,100.00	622.15	8,766.84	9,673.32	88,397.36
November							
December							
	117,823.39	112,323.88	168,224.49	69,591.66	64,723.35	79,275.31	611,962.08

\* 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  
Oct-18

W.O. #	Monthly Allocation	Contractor	Labor	Labor O/H	AP Vendor & Material	Material O/H	Material Retire/Scrap	Benefits	Trans	Total	
12056	5052.14	7			4268.09	784.05				5,052.14	
12085	251.71	7			212.64	39.07				251.71	
12092	8,156.93	8	2,157.63	3,460.60				1,264.45	1,274.25	8,156.93	
12093	17.72	8			96.46	17.72	(96.46)			17.72	
12094	9,122.30	8	2,786.29	4,468.90				983.63	883.48	9,122.30	
12095	912.93	8			4,969.68	912.93	(4,969.68)			912.93	
12096	622.15	8	622.15							622.15	
12123	(237.09)	7					(237.09)			(237.09)	
12154	26.98	7			22.80	4.18				26.98	
12174	19,273.94	10	5,110.05	8,195.96				2,994.68	2,973.25	19,273.94	
12185	5,504.81	7	692.40	1,110.53	2,353.98	432.43		405.77	509.70	5,504.81	
12190	1,880.75	7	445.85	715.09	186.42	34.24		261.29	237.86	1,880.75	
12191	485.63	7			410.26	75.37				485.63	
12192	918.46	7	235.38	377.52	69.84	12.83		137.94	84.95	918.46	
12199	1,311.88	7	346.21	555.28	31.76	5.83		202.90	169.90	1,311.88	
12200	5,156.84	7	603.74	968.33	2499.88	459.23		353.82	271.84	5,156.84	
12201	5,469.38	7	797.53	1,279.15	2,150.88	395.12	(130.39)	467.39	509.70	5,469.38	
12202	145.66	7			408.92	75.12	(338.38)			145.66	
12203	1,302.21	7	365.62	586.41				214.26	135.92	1,302.21	
12205	1,657.33	7	423.68	679.54				248.29	305.82	1,657.33	
12206	175.39	7	44.33	71.10				25.98	33.98	175.39	
12207	1,473.16	14	376.60	604.02				220.70	271.84	1,473.16	
12208	9,479.32	7	1,157.66	1,856.76	4,343.03	797.82		678.43	645.62	9,479.32	
12209	472.72	7	188.30	259.81			-153.72	110.37	67.96	472.72	
12210	99.00	7			99.00					99.00	
12211	7,795.38	8	2596.45	4164.42				830.63	203.88	7,795.38	
12212	99.00	7			99.00					99.00	
12214	1,671.73	7	465.47	746.58				272.79	186.89	1,671.73	
12215	99.00	7			99.00					99.00	
	88,397.36		622.15	18,793.19	30,100.00	22,321.64	4,045.94	(5,925.72)	9,673.32	8,766.84	88,397.36

7 Member Requested Facilities

8 Replacements (Poles & Transformers)

OCEC Work Orders

**OCEC Projects:**

9 Replace 2500' of URD at Stud Horse - Part 2

10 Replace 2500' of URD at Edelweiss - Part 1

11 Convert 3500' of OH to URD at Bear Crk

12 Replace 3000' of URD at Davis Lake

13 Metering projects -upgrades

14 Pole Inspections

15 Fire Retardant/Treatment on Poles

16 Test/Rebuild 2 sets of Regulators Sub

17 Paint/protect crew hallway

18 Redo Asphalt in front & back, fix drain

19 Major Storm Damage

8	12092 Service Orders (temp Disc)	8156.93
8	12093 OCEC - Cutouts	17.72
8	12094 OCEC - Transformers 2018.1	9122.3
8	12095 OCEC - Warehouse 2018.1	912.93
8	12096 OCEC - Conduit 2018.1	622.15
10	12174 OCEC - 2017 Edelweiss	19,273.94
14	12207 OCEC - Pole Test RPLC 2018.1	1,473.16
8	12211 OCEC - Substation Work	7,795.38

47,374.51

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%	27%	24%	28%			
2018 Budget	3%	12%	15%	15%	35%	37%	41%	37%	37%	37%	15%	3%	24%
2017 Actual	1%	1%	2%	8%	22%	29%	35%	49%	55%	41%	43%	12%	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	\$ 26,716	\$ 21,615	\$ 27,830	\$ -	\$ -	
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%	73%	76%	72%			
2018 Budget	97%	88%	85%	85%	65%	63%	59%	63%	63%	63%	85%	97%	76%
2017 Actual	99%	99%	98%	92%	78%	71%	65%	51%	45%	59%	77%	88%	77%

**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	\$ 70,858	\$ 68,042	\$ 72,475	\$ -	\$ -	\$ 785,933
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

<b>Total Labor YTD</b>	<b>2018</b>	\$ 136,004	\$ 84,581	\$ 92,451	\$ 89,999	\$ 102,243	\$ 93,316	\$ 99,523	\$ 97,573	\$ 89,657	\$ 100,305		\$ 985,652	
<b>Total Labor YTD</b>	<b>2017</b>	\$ 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  
September 30, 2018***

<b><i>Beginning RLF Balance</i></b>		<b>\$79,227.81</b>
<b><i>LOUP LOUP SKI ED FOUNDATION LOAN #2</i></b>		
<b><i>PAYOFF AUGUST 01, 2019</i></b>	<b>MONTH</b>	<b>TO DATE</b>
PAYMENTS RECEIVED	\$420.84	\$47,967.04
ADMINISTRATIVE FEE (1%)	\$4.17	\$2,716.67
PRINCIPLE PAYMENT TO LOAN	\$416.67	\$46,250.36
ORIGINAL AMOUNT OF LOAN		\$50,000.00
BALANCE REMAINING ON LOAN		\$3,749.64
<b><i>LOUP LOUP SKI ED FOUNDATION LOAN #3</i></b>		
<b><i>PAYOFF OCTOBER 01, 2024</i></b>	<b>MONTH</b>	<b>TO DATE</b>
PAYMENTS RECEIVED	\$445.83	\$21,633.30
ADMINISTRATIVE FEE (1%)	\$29.16	\$1,633.14
PRINCIPLE PAYMENT TO LOAN	\$416.67	\$20,000.16
ORIGINAL AMOUNT OF LOAN		\$50,000.00
BALANCE REMAINING ON LOAN		\$29,999.84
<b><i>TOWN OF TWISP</i></b>		
<b><i>PAYOFF AUGUST 01, 2019</i></b>	<b>MONTH</b>	<b>TO DATE</b>
PAYMENTS RECEIVED	\$79.83	\$7,691.02
ADMINISTRATIVE FEE (1%)	\$3.08	\$475.22
PRINCIPLE PAYMENT TO LOAN	\$76.75	\$7,291.01
ORIGINAL AMOUNT OF LOAN		\$9,210.00
BALANCE REMAINING ON LOAN		\$1,918.99
<b><i>MVSTA LOAN #2</i></b>		
<b><i>PAYOFF JULY 01, 2022</i></b>	<b>MONTH</b>	<b>TO DATE</b>
PAYMENTS RECEIVED	\$866.66	\$69,704.70
ADMINISTRATIVE FEE (1%)	\$33.33	\$4,704.96
PRINCIPLE PAYMENT TO LOAN	\$833.33	\$64,166.41
ORIGINAL AMOUNT OF LOAN		\$100,000.00
BALANCE REMAINING ON LOAN		\$35,833.59
<b><i>MEDICINE WHEEL WEB DESIGN</i></b>		
<b><i>PAYOFF OCTOBER 01, 2024</i></b>	<b>MONTH</b>	<b>TO DATE</b>
PAYMENTS RECEIVED	\$510.00	\$25,340.00
ADMINISTRATIVE FEE (1%)	\$10.00	\$850.00
PRINCIPLE PAYMENT TO LOAN	\$500.00	\$24,500.00
ORIGINAL AMOUNT OF LOAN		\$30,000.00
BALANCE REMAINING ON LOAN		\$5,500.00
<b><i>TOWN OF WINTHROP</i></b>		
<b><i>PAYOFF NOVEMBER 01, 2027</i></b>	<b>MONTH</b>	<b>TO DATE</b>
PAYMENTS RECEIVED	\$870.83	\$9,579.13
ADMINISTRATIVE FEE (1%)	\$79.17	\$870.87
PRINCIPLE PAYMENT TO LOAN	\$791.67	\$8,708.37
ORIGINAL AMOUNT OF LOAN		\$95,000.00
BALANCE REMAINING ON LOAN		\$86,291.63
<b><i>TOTAL BALANCE REMAINING ON LOANS</i></b>		<b>\$163,293.69</b>
<b><i>ENDING RLF BALANCE</i></b>		<b>\$81,506.31</b>

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

*For the Month Ending*  
**October 31, 2018**

<b>Beginning RLF Balance</b>		<b>\$78,610.15</b>
<b>AERO RESCUE</b>		
<b>PAYOFF NOVEMBER 1, 2020</b>	<b>MONTH</b>	<b>TO DATE</b>
PAYMENTS RECEIVED	\$2,060.00	\$24,420.00
ADMINISTRATIVE FEE (1%)	\$60.00	\$12,460.00
PRINCIPLE PAYMENT TO LOAN	\$2,000.00	\$192,000.00
ORIGINAL AMOUNT OF LOAN		\$240,000.00
BALANCE REMAINING ON LOAN		\$48,000.00
<b>TOWN OF WINTHROP LOAN #2</b>		
<b>PAYOFF JUNE 01, 2022</b>	<b>MONTH</b>	<b>TO DATE</b>
PAYMENTS RECEIVED	\$177.67	\$13,933.00
ADMINISTRATIVE FEE (1%)	\$6.84	\$949.92
PRINCIPLE PAYMENT TO LOAN	\$170.83	\$12,983.08
ORIGINAL AMOUNT OF LOAN		\$20,500.00
BALANCE REMAINING ON LOAN		\$7,516.92
<b>MVSTA LOAN #3</b>		
<b>PAYOFF OCTOBER 01, 2024</b>	<b>MONTH</b>	<b>TO DATE</b>
PAYMENTS RECEIVED	\$624.16	\$30,850.35
ADMINISTRATIVE FEE (1%)	\$40.84	\$2,432.57
PRINCIPLE PAYMENT TO LOAN	\$583.33	\$28,583.17
ORIGINAL AMOUNT OF LOAN		\$70,000.00
BALANCE REMAINING ON LOAN		\$41,416.83
<b>PINETOOTH CREATIVE</b>		
<b>PAYOFF July 01, 2026</b>	<b>MONTH</b>	<b>TO DATE</b>
PAYMENTS RECEIVED	\$84.25	\$2,286.51
ADMINISTRATIVE FEE (1%)	\$6.96	\$198.88
PRINCIPLE PAYMENT TO LOAN	\$77.29	\$2,087.81
ORIGINAL AMOUNT OF LOAN		\$9,275.00
BALANCE REMAINING ON LOAN		\$7,187.19
<b>EQPD</b>		
<b>PAYOFF February 01, 2027</b>	<b>MONTH</b>	<b>TO DATE</b>
PAYMENTS RECEIVED	\$295.21	\$6,055.69
ADMINISTRATIVE FEE (1%)	\$24.37	\$538.91
PRINCIPLE PAYMENT TO LOAN	\$270.84	\$5,416.78
ORIGINAL AMOUNT OF LOAN		\$32,500.00
BALANCE REMAINING ON LOAN		\$27,083.22
<b>Little Star Montessorri School</b>		
<b>PAYOFF February 01, 2027</b>	<b>MONTH</b>	<b>TO DATE</b>
PAYMENTS RECEIVED	\$295.21	\$6,234.24
ADMINISTRATIVE FEE (1%)	\$24.38	\$547.21
PRINCIPLE PAYMENT TO LOAN	\$270.83	\$5,687.43
ORIGINAL AMOUNT OF LOAN		\$32,500.00
BALANCE REMAINING ON LOAN		\$26,812.57
<b>ENDING RLF BALANCE</b>		<b>\$81,983.27</b>

OKANOGAN COUNTY ELECTRIC COOPERATIVE, INC.

**POWER & SERVICE DATA**  
**October-18**

	July 2018	August 2018	September 2018	October 2018	October 2017
<b>POWER DATA:</b>					
COST OF POWER	\$199,106	\$188,291	\$174,731	<b>\$184,784</b>	\$199,417
KWH PURCHASED	4,348,875	4,000,505	3,523,645	<b>4,367,480</b>	4,617,495
KWH SOLD & OCEC USE	4,003,758	3,575,416	3,204,941	<b>4,022,143</b>	4,255,720
KWH LOST	345,117	425,089	318,704	<b>345,337</b>	361,775
LINE LOSS %	7.94%	10.63%	9.04%	<b>7.91%</b>	7.83%
COST PER KWH	\$0.0458	\$0.0471	\$0.0496	<b>\$0.0423</b>	\$0.0432
<b>BILLING DATA:</b>					
ACCOUNTS BILLED	3,760	3,759	3,762	<b>3,780</b>	3,729
AVG. KWH/CONSUMER	1,065	951	852	<b>1,064</b>	1,141
BILLING REVENUE	\$411,464	\$388,878	\$362,624	<b>\$416,350</b>	\$425,706
AVERAGE BILL	\$109.43	\$103.45	\$96.39	<b>\$110.15</b>	\$114.16
REVENUE/KWH SOLD	\$0.1028	\$0.1088	\$0.1131	<b>\$0.1035</b>	\$0.1000
<b>SERVICE DATA:</b>					
NEW	8	5	8	<b>15</b>	9
RETIRED	2	0	1	<b>1</b>	0
TOTAL END OF MONTH	3753	3758	3765	<b>3779</b>	3724
IDLE SERVICES	101	100	101	<b>102</b>	105
<b>TRANSPORTATION:</b>					
TOTAL MILES	6,424	7,583	5,718	<b>7,820</b>	6,465
COST OF OPERATION	\$17,705	\$16,970	\$17,940	<b>\$16,599</b>	\$19,785
AVG. COST PER MILE	\$2.756	\$2.238	\$3.137	<b>\$2.123</b>	\$3.060
<b>MATERIALS:</b>					
ISSUES	\$10,627	\$3,595	\$15,319	<b>\$23,484</b>	\$3,759
INVENTORY	\$280,098	\$283,360	\$301,064	<b>\$303,023</b>	\$288,812

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
<b>Winthrop Substation (1)</b>	<b>11,832</b>	-	-	<b>7,932</b>	17,938	74.2%	2958	6481	6.064	2.191	3.050
Feeder 1 = Chewuch	2,360	-	-	593	2,953	12.2%	590	974	5.005	1.651	3.032
Feeder 2 = Mazama	3,764	-	-	6,496	10,260	42.5%	941	3329	10.904	3.538	3.082
Feeder 3 = Sun Mtn	2,984	-	-	22	3,006	12.4%	746	767	4.029	1.028	3.919
Feeder 4 = Winthrop	2,724	-	-	822	3,546	14.7%	681	1411	5.206	2.072	2.513
<b>Twisp Substation (2)</b>	<b>2,456</b>	-	-	<b>3,767</b>	6,223	25.8%	614	1634	10.134	2.661	3.808
Feeder 1 = Airport	112	-	-	866	978	4.0%	28	227	34.916	8.107	4.307
Feeder 2 = Loup	776	-	-	150	926	3.8%	194	249	4.774	1.284	3.719
Feeder 3 = Twisp	1,568	-	-	2,751	4,319	17.9%	392	1158	11.017	2.954	3.730
<b>Totals</b>					<b>24,161</b>		<b>3572</b>	<b>8115</b>	<b>6.764</b>	<b>2.272</b>	<b>3.20</b>
<b>CFC Summary</b>	<b>240</b>	-	-	<b>196.51</b>							

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 = 50

**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	-	-	57	###	-	-	-	7,246
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	-	-	-	-	-	-	-	-	-	###	-	-	518
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	-	-	-	-	-	0	-	-	2
LARGE ANIMAL	-	-	-	-	-	-	-	-	-	-	-	-	-
ANIMAL DAMAGE - GNAW OR BORE	-	-	-	-	-	-	-	-	-	-	-	-	-
ANIMAL , OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-

OCEC 2018 Outage  
Summary By Cause

SUMMARY BY CAUSE													
PUBLIC													TOTAL
CUSTOMER CAUSED	-	-	-	-	-	-	-	11	57	-	-	-	67
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	###	###	###	-	-	1,753

**\*\*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	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTALS:</b>	14,288												14,288
<b>DISTRIBUTION SUBSTATION</b>													
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	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTALS:</b>	-												4,873
<b>POLES AND FIXTURES</b>													
POL-POLES	-	-	-	-	-	-	-	-	-	-	-	-	-
POL-CROSSARM OR CROSSARM BRACE	-	-	-	-	-	-	-	-	-	-	-	-	-
POL-ANCHOR OR GUY	-	-	-	-	-	-	-	-	-	-	-	-	-
POL-POLES AND FIXTURES, OTHER	-	-	113	-	-	-	-	-	-	-	-	-	113
<b>TOTALS:</b>	-												113
<b>OVERHEAD</b>													
OVR-OVERHEAD	-	-	-	-	-	-	-	-	-	-	-	-	-
OVR-LINE CONDUCTOR	-	-	1,809	1	2,912	-	-	-	-	518	-	-	5,239
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	3	1	32	-	-	163
OVR-RECLOSER OR SECTIONALIZER	-	-	-	-	-	-	-	-	447	430	-	-	877
OVR-OVERHEAD LINE CONDUCTORS AND DEVICES	-	-	-	-	-	133	-	-	-	-	-	-	133
<b>TOTALS:</b>	57												6,453

OCEC 2018 Outage  
Detailed Summary By Cause

DETAILED SUMMARY BY CAUSE													
<b>UNDERGROUND</b>													
UG-PRIMARY CABLE	-	-	-	-	15	-	3	14	175	-	-	-	207
UG-SPLICE OR FITTING	-	-	-	-	-	-	-	-	-	-	-	-	-
UG-SWITCH ELBOW ARRESTER	-	-	-	-	-	-	-	-	-	-	-	-	-
UG-SECONDARY CABLE OR FITTINGS	-	-	-	-	-	-	-	-	-	-	-	-	-
UG-ELBOW	-	-	-	-	-	-	-	-	-	-	-	-	-
UG-POTHEAD OR TERMINATOR	-	-	-	-	-	-	-	-	-	-	-	-	-
UG-UNDERGROUND, OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTALS:</b>	-	-	-	-	-	-	-	-	-	-	-	-	207
<b>TRANSFORMER</b>													
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	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTALS:</b>	-	-	-	-	-	-	-	-	-	-	-	-	53
<b>WEATHER</b>													
WTR-RAIN	-	-	-	-	-	-	-	-	-	-	-	-	-
WTR-LIGHTNING	-	-	-	-	-	-	-	-	-	-	-	-	-
WTR-WIND	-	-	-	-	-	-	-	-	-	-	-	-	-
WTR-SNOW ICE	-	-	-	-	-	-	-	-	-	-	-	-	-
WTR-SLEET	-	-	-	-	-	-	-	-	-	-	-	-	-
WTR-EXTREME COLD	-	-	-	-	-	-	-	-	-	-	-	-	-
WTR-EXTREME HEAT	-	-	-	-	-	-	-	-	-	-	-	-	-
WTR-WEATHER OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-
WTR-CLEAR, CALM	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTALS:</b>	-	-	-	-	-	-	-	-	-	-	-	-	-

# PNGC Power Pulse

October 2018

## Inside This Issue

- 1 Northwest Treasures
- 2 2018 PNGC Power Annual Meeting
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- 4 BPA Happenings
- 4 Upcoming PNGC Events

## Northwest Treasures

As stewards of the environment, we take the natural world we live in very seriously. As energy providers, we're focused on meeting the energy needs of our members in the lowest-cost, most efficient manner. In the Pacific Northwest we're fortunate because we benefit from a clean, carbon-free hydropower system that is the backbone of our economy. Hydropower accounts for nearly 60% of the energy produced in the region, and because it's a flexible baseload resource, it allows for the integration of variable renewables, like wind and solar, onto the grid.

The heartbreaking story this past summer of an orca mother pushing her dead calf around the waters of the Puget Sound for over two weeks reminds us of our responsibility to the natural world. As beneficiaries of the Federal Columbia River Hydropower System, we have a responsibility to arm ourselves with the facts associated with the demise of the Southern Resident Killer Whales, which are iconic to our region, beloved by all, and need our help.

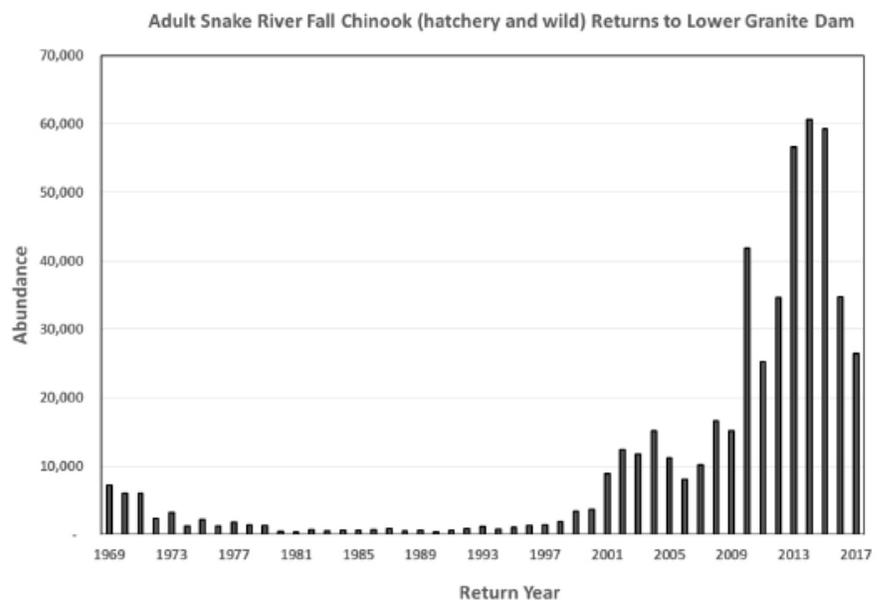
Federal scientists at the National Oceanic and Atmospheric Administration (NOAA) are striving to better understand what is going on with the orca pods, and part of that is to delineate which salmon populations are feeding which orca pods at any given time of the year. According to NOAA, the pods that ride along the western coast of British Columbia, Washington, Oregon, and California feed on two types of salmon species that travel out to the ocean from the Columbia and Snake Rivers. Fortunately, we see returning salmon numbers in these particular rivers increasing, and according to NOAA, over the past 20 years an estimated 75-80% of Chinook salmon survive through the four lower Snake River dams. Natural survival would not total 100% even in an undammed river, so these robust salmon numbers show that the fish and wildlife mitigation measures



employed by the Bonneville Power Administration and funded by Northwest electric ratepayers at the federal dams are working.

The plight of the orcas has reinvigorated the debate in the region over the value of the federal hydropower system. Advocates for dam breaching are pointing to the orcas as a reason to remove the region’s largest, renewable, non-carbon emitting power resource. Unfortunately, they are not taking into account other factors such as ocean conditions, vessel traffic noise, and other habitat issues, such as the fact that returning salmon in the Puget Sound are found to carry high levels of contaminants ranging from prescription drugs to antibacterial compounds that make their own populations unstable. They aren’t taking into account the environmental footprint associated with the energy resources needed to take the place of clean hydro if it were no longer available. There are a multitude of factors, and we need a comprehensive approach if we hope to affect positive change.

Orcas need healthy salmon in order to survive. The Columbia and Snake Rivers provide critical sustenance for the pods as they make their way north and into the Puget Sound. They also provide carbon free, reliable, low-cost energy that fuels our member-owners at the end of the line. As stewards of the environment we will continue to work toward solutions that balance the dual priorities of environmental responsibility and meeting the energy needs of our members in the lowest-cost, most responsible way possible.



Combined hatchery and wild Snake River fall Chinook salmon returning to Lower Granite Dam, the uppermost of the four lower Snake River dams. From Idaho Department of Fish and Game, through U.S. v. Oregon Technical Advisory Committee.

## 2018 PNGC Power Annual Meeting

PNGC Power held its Annual Meeting October 1 and 2, at the Hotel Eastlund in Portland. This annual event brings together members from all of PNGC’s cooperatives, and gives them a chance to discuss relevant topics and spend time with one another in Portland.

This year’s agenda was packed with dynamic speakers. The day began with Bryan Hannegan, who is the CEO of Holy Cross Energy in Colorado, offering his insights into navigating an uncertain energy future. That was followed with a lively panel conversation with distinguished senior statesmen, the Honorable Norm Dicks and the Honorable Doc Hastings. PNGC’s Ashley Slater moderated the conversation that moved from memories of politics past to contested current events. “It was so great to get their perspectives on these topics and remind people that bipartisanship can work,” said Slater.

The afternoon brought updates from Elliot Mainzer, BPA Administrator, and Terry Flores, Executive Director of Northwest RiverPartners, talking about tough topics in the industry. And the day finished with Kirk Johnson, NRECA's Senior Vice President of Government Relations, as he gave a lively talk about the implications of the upcoming midterm elections.

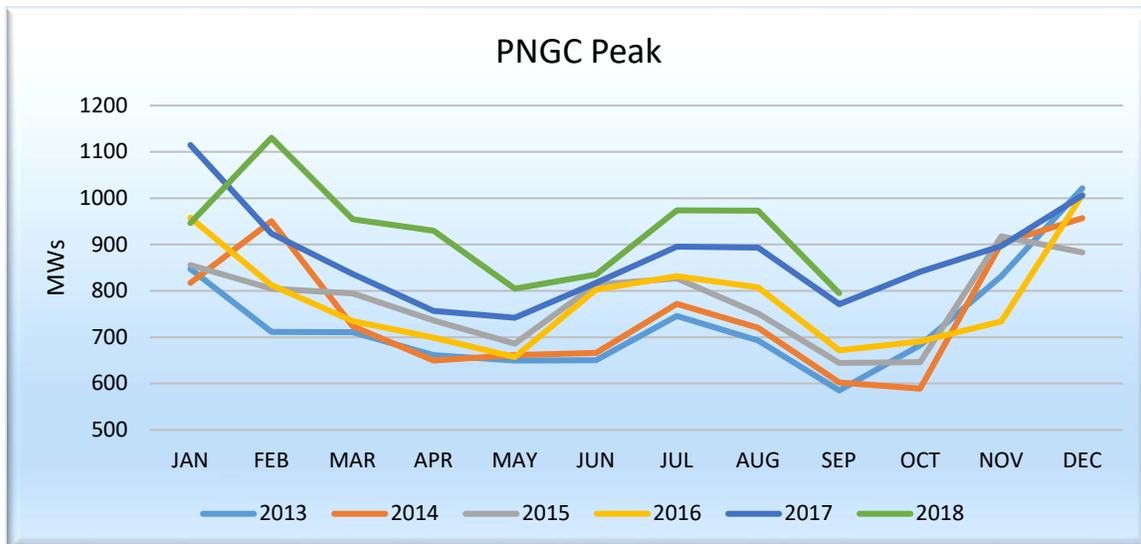
"We had a great line-up of speakers and wonderful planning on the part of staff," said Greg Delwiche, PNGC Power's Interim CEO. "It made for a memorable event that I think the members really enjoyed."



Ashley Slater leads the Honorable Doc Hastings (L) and the Honorable Norm Dicks (R) in a rousing bipartisan discussion

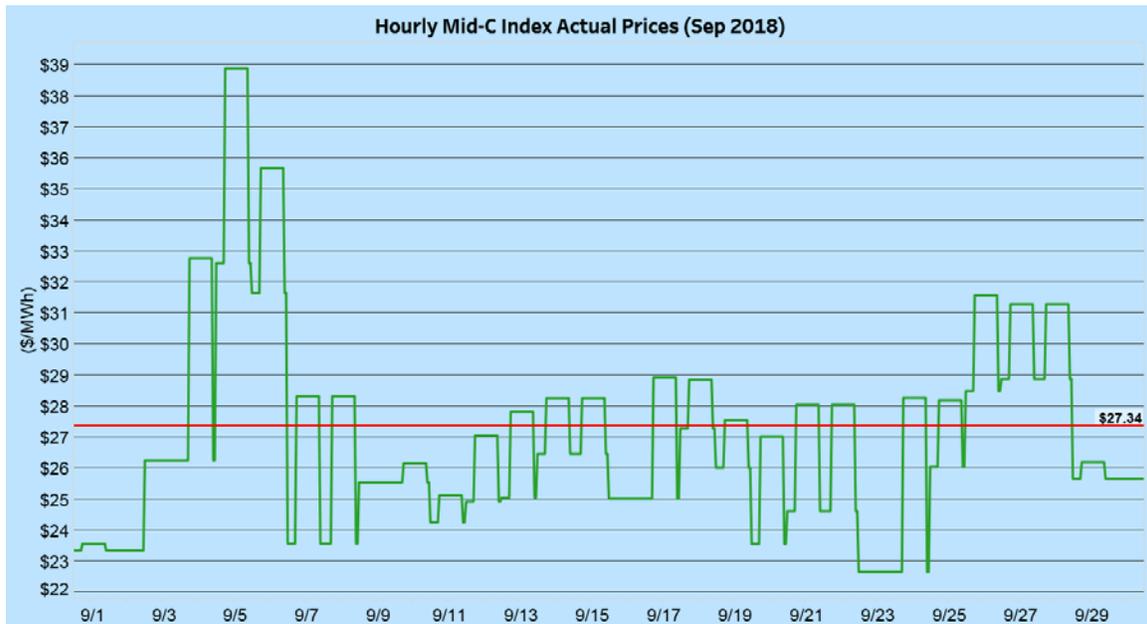
## PNGC Peak

The graph below shows PNGC Peak for the past 5 years



## Mid-C Pricing

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



## BPA Happenings

- Oct. 25 BP-20 and TC-20 Scheduling Conference
- Nov. 7 Quarterly Business Review

## Upcoming PNGC Events

- Nov. 6 PNGC Board Meeting
- Nov. 22-23 Thanksgiving & Day After Thanksgiving (office closed)
- Dec. 4 PNGC Board Meeting & Holiday Dinner
- Dec. 7 PNGC Staff Holiday Lunch (office closes early)

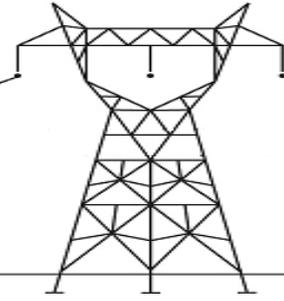
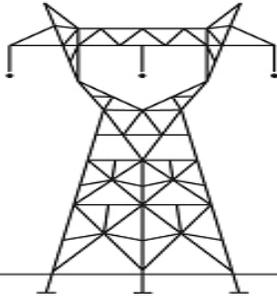


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[www.pngcpower.com](http://www.pngcpower.com)

*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.*



# WIRE TO WIRE

Issue 126 November 19, 2018

## Deadline Nears for TC-20/BP-20 Final Settlement

After extensive discussions, BPA has offered a settlement proposal for its Transmission customers to consider. The settlement would set the terms and conditions for transmission service, as well as most of the transmission and ancillary service rates for FY 2020 and FY 2021. The settlement would result in a weighted average rate increase of 4% compared to BP-18 rates (down from 9.5% in the BP-20 Initial Proposal) and would also require all signatories to amend their existing transmission service contracts so they are governed by the new terms and conditions of service.



As of November 15<sup>th</sup>, 121 transmission customers had indicated they would support or not oppose the settlement, 33 were undecided, and two customers indicated they would object to the settlement. Sacramento Municipal Utility District and Turlock Irrigation District plan to object based on concerns about the hourly rate design on the Southern Intertie, which was adopted in BP-18 and is proposed to continue in BP-20 under the settlement. BPA is working with these customers and those that are undecided to determine if their concerns can be resolved.

In the meantime, BPA will be finalizing both the TC-20 settlement and the BP-20 partial settlement for customers' approval. *BPA is looking for customers to sign the TC-20 settlement agreement and indicate that they would not object to the BP-20 partial settlement by November 30<sup>th</sup>.* Customers will have the option of e-signing the documents or returning them in hard copy. BPA will announce the signatories to the agreement by December 3<sup>rd</sup>. If there are any objectors at that time, parties will meet to discuss whether to continue with the settlement.

Please call PPC staff if you have any questions related to the settlement.

## Next Steps in Power Costs, Rates and Contracts

After working closely with PPC members and the Executive Committee, PPC submitted a letter to BPA on next steps in advancing competitiveness and strategic priorities. The letter notes progress to date regarding BPA and its partner agencies implementing their strategic and budget goals, but states that there is a lot of work yet to do and makes several requests on next steps. This includes further analysis of proposed spending levels with strategic priorities, and close examination of the potential for further cost reductions ahead of the next rate period including display of a no rate increase scenario.

*(Continued on next page)*



## **Kanner's Corner** *(Continued from previous page)*

- It is too early to tell whether the new Congress will witness a renewed sense of bipartisanship (with infrastructure legislation a possible area of agreement), or whether investigations of the Administration will prompt a legislative stalemate;
- The post-election lame duck session could see action on legislation addressing salmon predation, but conflicts over funding the border wall could lead to a partial government shutdown and scuttle most legislative opportunities.

In other news, the Senate Energy Committee held a confirmation hearing on November 15 for Bernard McNamee to be appointed to the Federal Energy Regulatory Commission, as well as two other nominations. Chair Murkowski expressed her desire to move expeditiously on these and other nominations previously approved by the Committee. While some nominations may move during the lame duck session, McNamee's have to carry over to next year because of Democrat concerns about his role in drafting the DOE grid resiliency effort and because of a desire to pair his nomination with either re-nomination of Commissioner LeFleur or naming of an alternative Democratic nominee.

Come to PPC's political town hall on December 12 (the evening ahead of our Annual Meeting) for more insights and answers!



## **Killer Whale Recommendations Released**

On Friday, November 16, Washington Governor Inslee's Southern Resident Killer Whale Task Force released its recommendations on actions to benefit orca whales. The 36 recommended actions addressed reductions of toxics in the Puget Sound, limiting vessel traffic in orca feeding areas, and increasing orca food sources. While the report did not recommend breaching the Lower Snake River dams, it did recommend Washington, Idaho, and Oregon convene a stakeholder process to discuss breaching or removal of these projects. Additionally, the recommendations proposed increasing spill levels and reestablishing salmon runs above Grand Coulee Dam.

Northwest RiverPartners released a response describing the issues and noting that it is now up to the Governor Inslee and the Washington Legislature to determine which recommendations should be priorities for implementation. See: [www.nwrivernpartners.org](http://www.nwrivernpartners.org)

## Seeking Solutions Via Hydro Ops

BPA is continuing discussions with the states of Oregon and Washington to determine whether a hydro operations agreement for 2019 might provide a solution to the ongoing litigation over the hydrosystem Biological Opinion. At the crux of negotiations are “duck curve” operations. These operations would spill water over the dams to 120 percent of the Clean Water Act’s allotted gas levels for 16 hours of the day and then ratchet back to the lower fish “survival standard” spill levels for the other eight hours when electricity demand and prices are higher. BPA has said its three requirements for any operations commitments are that they are: revenue neutral or positive, good for fish, and implementable.

By December 7 BPA expects to know whether an agreement seems likely. If so, BPA, the U.S. Army Corps of Engineers, and the Bureau of Reclamation will work with NOAA Fisheries to include the operations in a hydrosystem Biological Opinion in early 2019.

## Council Processes Underway and New Members on the Horizon

The Northwest Power and Conservation Council (NWPCC) is checking in on its 7<sup>th</sup> Power Plan and amending its Fish and Wildlife Program. PPC will submit comments on both by the December 13 due date. If your utility would like to weigh in with PPC on either, please contact Bo Downen or Mike Deen on the PPC staff.

As the NWPCC begins its charge to amend its Fish and Wildlife Program, it will do so without two stalwarts. **Tom Karier (WA) and Bill Booth (ID)**



**Northwest Power and Conservation Council**

are the longest and fourth longest serving members in NWPCC history and have recently announced their respective retirements. Booth’s last meeting will be in December and Karier’s will be in January.

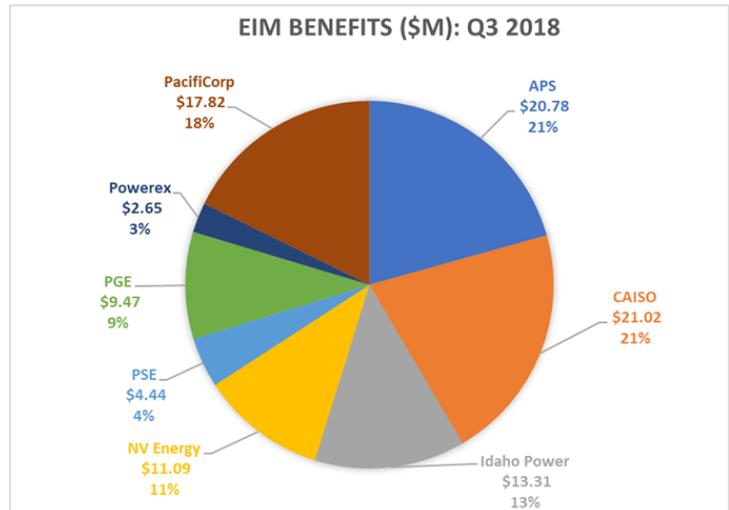
## EIM Participation to Grow, BPA Continues to Assess

BPA continues to contemplate its participation in the Energy Imbalance Market (EIM) and discuss that possibility through a series of public stakeholder meetings and with PPC members at regular PPC Markets and Grid Modernization meetings. The first Markets and Grid Modernization meeting was held on October 26<sup>th</sup> and resulted in productive discussion between PPC members and BPA on the proposed process timeline, possible treatment of transmission in the EIM and EIM governance. The latest public stakeholder meeting, held on November 14<sup>th</sup>, covered in greater detail BPA’s planned timeline for future stakeholder workshops, major decision points, and implementation milestones for EIM participation. The stakeholder process will continue through next year, leading up to a Record of Decision for signing the EIM Implementation Agreement expected to be issued in September 2019.

## EIM Participation to Grow, BPA Continues to Assess *(Continued from previous page)*

There will be an opportunity for PPC members to engage further with BPA and each other on these and other Grid Modernization and EIM issues on November 29<sup>th</sup> from 10 - noon. BPA staff will attend from 10 - 11:30 to answer more questions on the November 14<sup>th</sup> materials. This will be followed by a public power only discussion on status and next steps of this effort.

While BPA contemplates entry, the EIM continues to grow. On November 8<sup>th</sup> Northwestern Energy announced its intent to join the EIM by April 2021. Northwestern cited the possibility of reduced costs, more efficient use of renewable resources and increased grid reliability as drivers for the decision. The announcement came days after the EIM reported that benefits for the third quarter of 2018 were the highest of any quarter yet. The three largest beneficiaries during the third quarter were the CAISO, Arizona Public Service and PacifiCorp as shown in the chart to the right.



## PPC System of Proportional Representation ... say, what?



A PPC election does not have to be complicated! Twenty-one candidates have been nominated to serve on the 2019-2020 PPC Executive Committee. Because the number of eligible candidates is equal to the number of seats on the Executive Committee, PPC uses a much simpler process in lieu of the System of Proportional Representation Through the Single Transferable Vote. Each PPC member should have received an electronic ballot that provided a method for utilities to quickly vote for all 21 candidates. The

market ballots are due back to PPC by Friday, November 30. Thanks to all those who have already returned their ballots.

We extend our *sincere appreciation* to all members of the outgoing Executive Committee, and to all those willing to serve and guide PPC policies and positions for the next two years. Thank you for your active involvement!

## Don't Forget to RSVP for PPC's Annual Meeting and Political Townhall

Please join us for our end-of-year Annual Meeting on Thursday, December 13 at the Sheraton Portland Airport Hotel. Registration starts at 8:30 AM, followed by the meeting at 9:00 AM, and then a hosted luncheon at 12:00 PM.

The evening before, at 4:30 PM on Wednesday, December 12, we will also be having a PPC Political Townhall Reception hosted by our D.C consultant Marty Kanner. Beverages and light hors d'oeuvre will be provided.

To RSVP for both events please call or email Karen Heim at 503-595-9773 or [kheim@ppcpx.org](mailto:kheim@ppcpx.org). Please RSVP by Wednesday, December 5. We look forward to seeing you all there!

## Hydro Facts—Dam Spotlight—Dworshak Dam

The Dworshak Dam and Reservoir project was authorized by the Flood Control Act of 1962. Construction began in 1966, the project became operational for flood damage reduction in 1972, and power came online in 1973. Dworshak dam is a straight concrete gravity dam with a structural height of 717 feet and a crest length of 3,287 feet at elevation 1,613 Mean Sea Level (MSL). It drains an area of 2,440 square miles. The dam is the highest straight-axis concrete dam in the Western Hemisphere. The powerhouse has two 90,000-kilowatt units and one 220,000-kilowatt unit.



## Industry Acronym of the Day

- ◇ **Northwest Power and Conservation Council (NWPCC):** A multi-state compact formed in 1981 in accordance with the Northwest Power Act. Comprised of two gubernatorially appointed members from each of the states of Washington, Oregon, Idaho, and Montana. Its primary duties are to create both a power plan and a fish and wildlife program for the region. The plan must be aligned with ensuring an adequate, efficient, economical, and reliable power supply for the Pacific Northwest.

- ◇ For more see PPC's Public Power Chronicle glossary

## Heard on the Wire

- ◆ **Thank You Veterans** – during this week of Thanksgiving we are especially thankful for all of those who have served our country in the armed forces!
- ◆ After over 26 years with PPC, **Kevin O’Meara** has announced that he will be retiring at the end of the year. PPC is thankful for all of Kevin’s contributions and service to public power. He will be missed!
- ◆ PPC’s long-time contract bookkeeper, **Sharryn McCann**, has announced that she will be retiring at year’s end. As part of the PPC family, Sharryn has provided excellent service and kept PPC on the financial straight and narrow for over 22 years.
- ◆ PNGC has named **Roger Gray** to be its next CEO. Our congratulations to Roger and PNGC!



## Quotes

“There is a certain enthusiasm in liberty, that makes human nature rise above itself in acts of bravery and heroism.” Alexander Hamilton

“Gratitude is a quality similar to electricity: it must be produced and discharged and used up in order to exist at all.” –William Faulkner

“Vegetables are a must on a diet. I suggest carrot cake, zucchini bread, and pumpkin pie.” – Jim Davis

“I come from a family where gray is considered a beverage.” – Erma Bombeck





**December 2018**

**Office Info:**

Winter Office Hours:  
Mon - Fri  
8 am - 4:30 pm

Our customer service call center is available 24/7/365 to handle most electric & propane concerns.  
(509) 996-2228

**OCEC Board:**

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(scarlberg@ocec.coop)

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**OCEC Strategies for the Upcoming 2019 Washington State Legislative Session**

The upcoming 2019 Washington Legislative session should prove interesting in terms of energy issues. This session is a "long" session (as opposed to the "short" session of 2018) so there is a very good chance of passing legislation for both carbon mitigation and new standards for clean energy (the 100% Net Zero Carbon Standard). OCEC, through the Washington Rural Electric Cooperative Association (WRECA), will be at every relevant meeting in Olympia lobbying for legislation that makes sense for our members.

*Our legislative objectives with regards to carbon and a clean energy standard are as follows:*

For carbon, our general objective is to have legislation that recognizes the value of the Northwest's clean and predominately carbon-free electricity sources. *Specifically, the objectives are as follows:*

- Focus on electrification of the transportation sector. According to the U.S. Energy Information Administration, the transportation sector accounted for over 50% of the carbon emissions in Washington.
- Exempt power purchases from BPA since we have no control over BPA purchases. Purchases from BPA were over 97% carbon free in 2017.
- Include a cap on the price of carbon to provide economic certainty to sectors of the economy that would be subject to a carbon pricing mechanism.
- Provide "off-ramps" to exempt the purchase and/or delivery of electric generation from emitting sources that is required to maintain the safety and reliability of the transmission systems.
- If there is a carbon price levied on the sale of electricity or propane, 100% of the funds collected should be used locally at the discretion of the collecting entities for local carbon mitigation measures or to assist lower income customers in paying these additional costs.

*For the Clean Energy effort, our key outcomes are as follows:*

- Commitment to clean energy at the least cost to our members.
- Transmission system reliability during peak loads is maintained.
- Western electric markets are not distorted.
- Existing carbon-free resources are preserved and enhanced.
- An affordable, competitive and reliable Washington electricity market is maintained to support carbon reductions in other sectors of the economy.

All in all, this should prove to be a very interesting legislative session with a good chance to make progress on these two important issues.

As stewards of the environment we will continue to work toward solutions that balance the dual priorities of environmental responsibility and meeting the energy needs of our members in the lowest-cost, most responsible way possible.



## Capital Credit Checks Coming Soon

Capital Credit checks will arrive soon for members who used power in 1998. OCEC is paying capital credits based on usage during 1997 & 1998. Below are common Capital Credit Q & A's.

### ***What are Capital Credits?***

A cooperative does not earn profits in the sense that other businesses do. Instead, any margins, or revenues remaining after all expenses have been paid, are returned as capital credits, to the members in proportion to their patronage during each year. Capital credits represent each member's share of OCEC's equity.

### ***What do cooperatives do with capital credits?***

Every business needs to maintain a suitable balance of debt to equity to ensure its financial health and stability. Capital credits are the most significant source of equity for most electric cooperatives. Equity is used to help meet the expenses of the co-op, such as paying for new equipment to serve members and repaying debt. Capital credits help keep rates at a competitive level by reducing the amount of funds that must be borrowed.

### ***How does the OCEC notify me of capital credits earned?***

OCEC notifies you on your March or April billing statement.

### ***How does the cooperative determine who receives capital credits?***

Capital credits are allocated to each member of the cooperative every year based on patronage in the cooperative.

### ***How much does OCEC pay in capital credits?***

OCEC will return approximately \$221,000 to members in December.

### ***What happens to my capital credits when I leave the OCEC service area?***

Your capital credits remain on the books in your name and member number until they are retired. Because payments are made approximately 20 years after credits are earned, you should ensure that OCEC always has your current mailing address.

### ***How are capital credits handled when a member dies?***

No member will receive a total payout of their capital credit accounts - although if a member(s) is deceased an estate payout may be requested by the heir(s) at a discounted amount. As long as there is a surviving spouse to receive payments there can be no estate payout.

## OCEC Board Changes By-Laws

The OCEC By-Laws can be changed by either a vote by the membership or an unanimous vote by the Board of Directors. Major changes to the By-Laws are typically approved by the membership while the Board will approve minor, clarification type changes. At the October Board meeting, the Board unanimously made a minor, clarification type change to the by-laws concerning the qualifications needed to be a Director.

**Article III Directors: Section 3 Nominations** currently reads 'a committee on nominations consisting of 3 Members.'

Alan Watson moved to change the sentence to read, 'a committee of nominations consisting of a minimum of three Members'. Second. Carried unanimously.

Dale Sekijima moved to accept the proposed changes to the OCEC By-Laws as presented. Motion carried by a unanimous vote of the Board of Directors.



# BPA Releases Its 2018 Resource Program Results

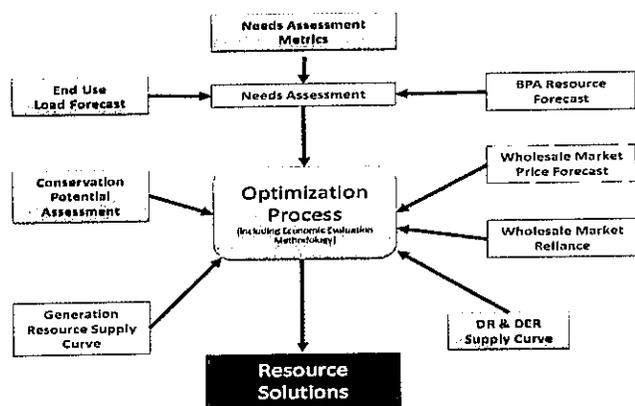
By Michelle Helms, Jen Boyer, Abigail Rhoads, and Sarah Burczak

The Bonneville Power Administration published its 2018 Resource Program report in September. The report identifies potential power acquisition strategies and provides insight into how BPA can meet its power needs in a cost-competitive manner.

“This periodic assessment helps us forecast our power needs and, where necessary, adapt our strategy to meet those needs,” said Rob Petty, supervisory operations research analyst.

The 2018 Resource Program strives to examine uncertainty in loads, water supply, resource availability, natural gas prices, and electricity market prices to guide BPA’s choices about potential low-cost, low-risk acquisition strategies to meet its power obligations. It is not a new process; BPA launched it after passage of the 1980 Northwest Power Act and completes a review and report every few years.

The review begins with a forecast of BPA’s power obligations and a determination of whether BPA will be able to cover those obligations with the current resources available. It then identifies and evaluates potential solutions to meet shortages or deficits, including through energy efficiency, demand response, power purchases, or new resource acquisition.



*A high-level diagram of the Resource Program process.*

## Changes from the 2013 Resource Program report

The latest report is a little different than those completed in the past, most recently in 2013. In 2018, BPA updated five areas of the Resource Program where enhancements would provide greater benefits: end-use load forecasting; BPA-specific conservation and demand response potential assessments; reviewing and extending the needs assessment; and establishing an economic evaluation methodology and tool for resource optimization.

Shifting to end-use load forecasting provides BPA greater insight and accuracy into how energy efficiency and other demand-side management activities impact BPA load obligations.

Leveraging existing data, including the Northwest Power and Conservation Council’s Seventh Power Plan supply curves, Northwest Energy Efficiency Alliance’s Residential Building Stock Assessment and Commercial Building Stock Assessment, and utility conservation potential assessments, analysts were able to estimate the conservation potential in BPA’s service territory from 2020 to 2039.

“The BPA-specific demand response and conservation potential assessments were new to the resource program process and gave us greater insight into how much potential was within BPA-served load and at what cost,” said Petty. “We also realized that some energy efficiency measures align better with our seasonal energy needs.”

Going forward, BPA is taking a closer look at how energy efficiency measures can better align with BPA’s power needs. For example, when temperatures plummet in the winter, demand for power soars. This means that in addition to swapping out traditional light bulbs for LEDs, heat pumps and water heaters may provide even more energy savings in the Northwest during times of high energy demand. BPA is currently exploring possible adjustments to the EE program offerings and will be engaging with public power customers on upcoming changes.

The change in how BPA evaluates and updates the EE program not only helps the agency fulfill its commitment to being a commercially successful enterprise, but also responds to customers’ need for a more accurate, robust, and repeatable approach to BPA’s resource planning.

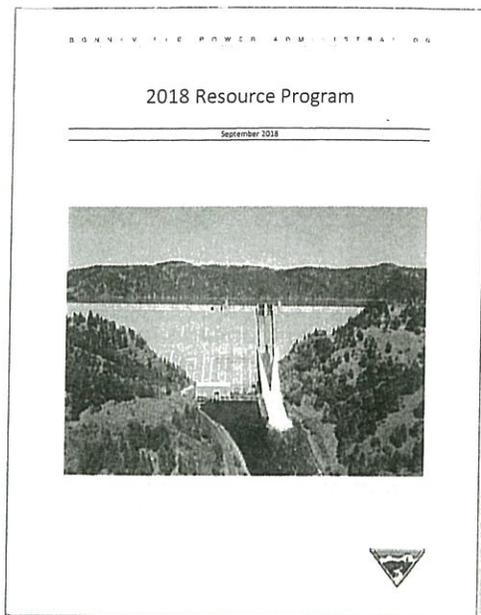
In comments submitted during the public comment period, Bo Downen, a senior policy analyst at the Public Power Council, wrote, “We are optimistic that this recalibration and update will result in better budgeting, program design, and resource acquisition decisions. Better resource decisions will ultimately lead to better budgeting and rate setting.”

## Conclusions from the 2018 Resource Program report

BPA concluded that it could meet its projected energy needs with conservation and market purchases. It also concluded that demand response appears to be an economically viable solution to meeting BPA’s summer capacity needs.

BPA will monitor variables that could change the forecast outcomes of the 2018 Resource Program. The impacts of these events, as well as anticipated modeling enhancements and improved data and information will be incorporated into future planning activities. BPA will continue to work with the Northwest Power and Conservation Council, public power, and regional stakeholders as the Resource Program continues to evolve. NWPPA

*Michelle Helms, Jen Boyer, Abigail Rhoads, and Sarah Burczak are public affair specialists at BPA. They can be reached in the Communications Department at [Communications@bpa.gov](mailto:Communications@bpa.gov).*



## Main conclusions of the 2018 Resource Program:

- BPA has seasonal heavy-load hour deficits with the largest occurring in the winter. BPA also sees a growing 18-hour capacity deficit in both the winter and summer.
- The lowest-cost way to meet BPA's expected energy needs consists of energy efficiency and market purchases.
- The model also provided insight into which energy efficiency measures will best meet BPA's needs.
- Demand response has the potential to be an economically effective solution for helping meet BPA's summer capacity needs.
- Read the full report at [www.bpa.gov/goto/resourceprogram](http://www.bpa.gov/goto/resourceprogram).

# Lender Discusses Differences Between Broadband and Electric Service

January 20, 2017 at 3:51pm featuring [David R. Cook Jr.](#)  
[Broadband, Cooperative, Rural Utilities Service, Telecom Coops, Telephone Cooperatives, Utility Cooperative](#)

The following article is reprinted from *CFC Solutions News Bulletin* (17 January 2018, Volume 19, Number 2).

With more electric cooperatives looking into providing broadband service to unserved and underserved rural communities, CFC Senior Vice President for Member Services Joel Allen told listeners during December's CFC Financial Webinar Series broadcast that, "Broadband is pretty big right now, and we are financing it. However, we're also seeing more systems, after doing due diligence, deciding not pursue it."

Allen was joined by CFC Senior Vice President for Loan Operations Robin Reed, who oversees the lending portfolio of the Rural Telephone Finance Cooperative, which is managed by CFC. She cautioned cooperative directors and staff: "Broadband is a totally different environment from the electric industry. Telecommunications services are not essential services, and the marketplace is very competitive."

Reed further warned of a whole new set of challenges connected to broadband, including strong marketing tactics, subscriber churn rates, specialized customer service skills and industry regulations. "Hard questions also need to be addressed regarding service reliability, responsiveness as well as the overall customer experience—you'll be going into a customer's home to install and troubleshoot equipment."

The CFC duo suggested that electric cooperatives evaluating the viability of a broadband project start by assessing the competitive landscape and who else may be offering services, such as local telephone companies, cable TV firms and wireless carriers.

"You need to be acutely aware of the competition and understand what competitors are selling at what price points," Reed advised. "Then determine how you will compete—price, content or quality of service—and whether your brand recognition will be strong enough to help you achieve subscriber counts sufficient to cover infrastructure costs. Regulatory requirements differ for each type of service you might consider—voice, video or high-speed Internet—so it's important to engage a telecommunications attorney for guidance."

When it comes to how broadband infrastructure will be owned—by the cooperative, through a subsidiary, or with a partner such as a local telecom provider—Allen noted that CFC members are exploring all options. "In one case a cooperative with fiber assets formed a broadband cooperative that neighboring electric cooperatives are joining. The broadband cooperative leases out the fiber."

On average, deploying broadband in rural areas runs about \$10,000 per location. “Due to the capital-intensive nature of the business and cost to gain subscribers, most start-up operators don’t achieve cash flow break-even points for at least five years,” Allen said.

Reed stressed that assessing risk tolerance and setting expectations regarding losses are two difficult but necessary conversations for cooperative boards to have when discussing a broadband venture. “Properly scaling a project to a size that’s manageable from both an operating and financial standpoint will help minimize problems. Starting with a small-scale effort allows you to acquire an understanding of telecommunications and better apply lessons learned from the initial launch to future rollouts.”

To finance a broadband endeavor, CFC wants to see:

- A phased-in approach to project growth;
- Due diligence that includes a business plan, feasibility study, marketing study, engineering design, financial projections for both the broadband enterprise and the cooperative, competitive analysis and an exit strategy;
- Strong support from the electric cooperative;
- Guarantees if a subsidiary approach is taken;
- Loan terms of up to 20 years; and
- Projected positive cash flow in a reasonable period of time.

## General Manager's Report to the Board – November 2018

### General Discussion:

- The Board of Directors at PNGC has selected Roger Gray as its new CEO. Roger has an engineering background and started his career in California. He has been GM at Eugene Electric and most recently was CEO at Northwest Requirement Utilities (NRU). We are looking forward to working with Roger at PNGC.
- At first glance, it appears that we are underspending the YTD capital budget by a large amount. While the budget report does show us underspending the capital budget, a closer look gives a different view. One large item for \$135,000 is the new bucket truck that will be delivered and paid for in 2019. Also, a large amount of CIAC (customer contributions for construction) collected skews these numbers.

The bottom line is that taking out the truck and the CIAC out of the budget calculation, we have overspent our capital budget by approximately \$131,000. Half of this amount (\$63,000) is from more transformer purchases than planned. Another large variance (\$45,000) is more construction work than was planned. As the major variance in construction and the purchase of a larger number of transformers than planned is from building new facilities for new customers and that this is paid for by the new customers through CIAC, this is very healthy for the cooperative.

### Financial Discussion

- For YTD October 2018, operating margins were \$7,000 under corresponding 2017 amounts and \$271,000 over 2018 budgeted amounts.
- For YTD October 2018, nonpower expenses were \$128,000 under corresponding 2017 amounts and \$96,000 under budget.
- Equity ratio for October 2018 is 69.1%. Equity ratio for October 2017 was 66.3%.

**PNGC Costs for FY 2018**

Below is a summary of the costs of belonging to PNGC for FY 2018.

Management Charge	\$ 75,511
Parts A&B Charges	\$ 14,135
Credit for Coffin Butte	\$ (18,283)
Credit for Demand Savings	\$ (39,395)
<b>Net Cost</b>	<b>\$ 31,968</b>
PNGC Margin Contribution	\$ 15,861
<b>Net Cost plus Margin</b>	<b>\$ 47,829</b>
Upcoming November Power Bill Credit	\$ 40,103

Of this, the Margin Contribution of \$15,861 will be booked as “margins” and “investments” on the OCEC Balance Sheet.

In addition, there was discussion by the PNGC Board of starting for retire capital credits using a FIFO methodology. This may affect OCEC because approximately \$105,000 of PNGC credits have not been recognized as income on the OCEC books and subsequently not reflected on the balance sheet. (They are accounted for by a separate debit and credit for this amount). During discussions with the auditor over the last few years, we determined that the probability of PNGC retiring these capital credits was small so they were not recognized. This may need to be revisited with the auditor in January.

# 2019 Capital Budget – Contents

- Assessment of Capital Assets
- Status of 2018 Capital Budget Projects
- Major Differences in 2018 and 2019 Capital Budgets
- Capital Budget Summary

# 2019 Capital Budget – Assessment of Capital Assets – Page 1 of 3

- OCEC’s distribution system is in good condition. This capital budget is focused on miscellaneous projects, pole replacements, replacement of underground systems due to the age of these facilities and the start of the Mazama project.

- The OCEC office building is in good repair. There is a small project to paint the hallway that will be completed this winter. We completed resurfacing the asphalt in 2018. As part of this project, we installed additional conduits and increased security video coverage of the back year area. There is a minor project in the 2019 Capital Budget to raise a garage door in the warehouse to match the other doors. This is a combination safety/convenience issue.

# 2019 Capital Budget – Assessment of Capital Assets – Page 2 of 3

- Vehicles are in relatively good shape. We ordered replacement for a small bucket truck that was purchased in 2008. This will be delivered and paid for in 2019.
- During 2019, we are going to study the feasibility of installing voltage monitors throughout the system that can be monitored in real-time by both operations and front office personnel on both computers and mobile devices. This will allow staff to identify and track the status of major outages affecting major lines. There will be no device control functions on this system. Right now our knowledge of the status of our lines is limited to the traveling down to the substation and checking status, the outage phone calls we get, and other info we can gather. This will not identify small localized outages.

# 2019 Capital Budget – Assessment of Capital Assets – Page 3 of 3

## •Mazama Feeder Improvements Update

- In 2013, a consultant was hired and a plan was formulated to provide a long range solution to the potential problems in the Mazama area due to load growth.
- This plan called for extending the higher circuit voltage from the Weeman Bridge (where the higher voltage is now converted to OCEC's lower nominal voltage) to the Mazama junction.
- In 2018, engineering developed a specific plan to have this project finished by 2021 based on the solution identified by the consultant. We will start working this plan in 2019.

# Status of 2018 Capital Budget Projects

## Page 1 of 2

- ▶ Replace 8,000' of URD at Stud Horse – Completed 2000' in 2016 – Part 2 of projects was scheduled in 2018 and has been carried over to 2019.
- ▶ Completed 3,000' of 3 phase URD at Edelweiss (Part 1) – Some conduit is in ground – Waiting on Homeowners Association – Carried over to 2019.
- ▶ Fire Retardant – Not Completed
- ▶ Facility – Parking Lot Crack/Seal – Completed

# Status of 2018 Capital Budget Projects

## Page 2 of 2

- ▶ Perform major maintenance of substation regulators– Completed
- ▶ Pole Inspections – Completed
- ▶ Upgrade Bear Creek –This project was cancelled and will not be rescheduled at this time.
- ▶ Replace 3000’ of David Lake – Completed
- ▶ Replaced 1200’ of Green Meadow subdivision because of wire failure.

# Major Differences Between 2018 and 2019 Capital Budgets

- ▶ The 2019 Capital Budget is approximately \$172,000 larger than the 2018 budget. The major increases are from:
  - A) Additional lineman ( \$23,000 in extra capital costs charged to labor)
  - B) Increase in Vehicle Purchase Costs – The vehicle in the 2019 budget is the same as the vehicle in the 2018 budget. (The \$55,000 increase is due to getting the actual bid and also this budget number now includes new tooling for this vehicle)
  - C) Increase in Transformer Purchases – (Increase in \$60,000 is due to increase in actual purchases in 2018 for new members and projected changeout of transformers for the Mazama project.)
  - D) Increase in Computer, Software Purchases (Increase \$13,000 for additional computer, software and Board Room projection TV)

Note: The percentage of time capitalized used in the 2019 budget is based on 2018 budget figures.

# Capital Budget Summary – Page 1

		2019 Budget
Members Requested Facilities (CIAC)		\$192,645
Replacements (Pole and Transformers)		79,980
Misc. URD/OH Projects		66,933
Replace 2,500' of URD at Stud Horse (Part 2)		53,543
Replace 2,500' of URD at Edelweiss (Part 1)		154,780
Mazama Upgrade – Phase 1		47,646
Complete URD loop at Sky Ranch		35,695
Raise Garage Doors to match the other doors		10,000
Pole Inspections		10,000
Fire Retardant - Mazama Circuit		18,695

# Capital Budget Summary – Page 2

			2019 Budget
Metering Projects			0
Purchase Pole Tamper and other tools			\$ 18,000
Purchase Phase Tracker			6,000
Major Storm Damage (spent \$15K YTD 2018)			0
<b>Subtotal Work Order Projects</b>			690,716
Less Member contribution (CIAC)			265,850
<b>Total Capital budget less CIAC</b>			424,866
Meter Purchases			35,000
Computer, Software Upgrades, Board Room Projection TV			18,000
Transformer Purchases			130,000
Vehicle Replacements (Replace Small Bucket, Included tools)			190,000
<b>Total Capital Budget</b>			<b>\$800,866</b>

## 2019 OCEC Capital Budget Summary

Project	Direct Crew Hours	Direct Line Crew Labor	Materials	107.5 Labor	Contractors Consultants	Transport ation	Benefits	Totals	Notes:
Members Requested Facilities (CIAC)	220	47,300	20,000	66,220	-	26,015	33,110	192,645	CIAC set close to 2017 level
Replacements (Pole and Transformers)	80	17,200	17,000	24,080	-	9,460	12,040	79,780	
Misc. URD/OH Replacement Projects	70	15,050	12,000	21,070	-	8,278	10,535	66,933	
Replace 2500' of URD at Stud Horse - Part 2	30	6,450	14,000	9,030	16,000	3,548	4,515	53,543	Replace old underground conductor
Replace 2500' of URD at Edelweiss - Part 2	80	17,200	50,000	24,080	42,000	9,460	12,040	154,780	Replace old underground conductor
Mazama Upgrade (first of multiple phases)	42	8,944	15,000	12,522	-	4,919	6,261	47,646	First year of multi-year project
Complete URD loop at Sky Ranch	20	4,300	8,000	6,020	12,000	2,365	3,010	35,695	
Raise level of Garage Door to match others	-	-	-	-	10,000	-	-	10,000	
Pole Inspections	-	-	-	-	10,000	-	-	10,000	Pole Inspections are split with O&M
Fire Retardant/Treatment on Poles	20	4,300	3,000	6,020	-	2,365	3,010	18,695	Continue treatment program on high risk circuit
Meter Projects (replace CTs)	-	-	-	-	-	-	-	-	
Purchase Pole Tamper and other tools	-	-	18,000	-	-	-	-	18,000	
Purchase Phase Tracker	-	-	6,000	-	-	-	-	6,000	
Major Storm Damage	-	-	-	-	-	-	-	-	
<b>Subtotal Specific Work Order Projects</b>	<b>562</b>	<b>120,744</b>	<b>163,000</b>	<b>169,042</b>	<b>90,000</b>	<b>66,409</b>	<b>84,521</b>	<b>693,716</b>	
Less Member contribution (CIAC)								265,850	Revenue from CIAC set @ 38 % over construction
<b>Total Work Orders less CIAC</b>								<b>427,866</b>	
Meter Purchases			35,000					35,000	Replacement Meters
Computers, Software Upgrades and Board Room TV			18,000					18,000	Change out 2 computers
Transformer Purchases			130,000					130,000	Based on historical Spending Patterns
Vehicle Replacement			190,000					190,000	Replace 2008 Service Bucket Truck
<b>Total Capital Budget</b>								<b>800,866</b>	

**OCEC Capital Budget Detail - Total Specific Work Order Projects**

<b>Project</b>	<b>Total</b>	<b>Jan</b>	<b>Feb</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	
Members Requested Facilities (CIAC)	192,645	-	-	8,757	17,513	17,513	17,513	26,270	17,513	26,270	26,270	26,270	8,757	
Replacements (Pole and Transformers)	79,780	5,186	11,269	7,978	9,973	-	9,973	-	9,973	9,973	5,684	2,992	6,781	
Misc. URD/OH Replacement Projects	66,933	-	-	7,649	12,717	9,562	-	9,562	9,562	-	8,319	9,562	-	
Replace 2500' of URD at Stud Horse - Part 2	53,543	-	-	-	-	-	-	26,771	26,771	-	-	-	-	
Replace 2500' of URD at Edelweiss - Part 2	154,780	-	-	-	-	42,565	-	27,667	8,319	35,793	28,828	11,609	-	
Mazama Upgrade (first of multiple phases)	47,646	-	-	-	-	-	12,255	-	-	-	11,453	23,250	687	
Complete URD loop at Sky Ranch	35,695	-	-	-	-	-	-	-	17,848	17,848	-	-	-	
Raise level of Garage Door to match others	10,000	-	-	-	-	-	-	10,000	-	-	-	-	-	
Pole Inspections	10,000	-	-	-	-	-	10,000	-	-	-	-	-	-	
Fire Retardant/Treatment on Poles	18,695	-	-	-	-	-	18,695	-	-	-	-	-	-	
Meter Projects (replace CTs)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase Pole Tamper and other tools	18,000	-	-	-	-	9,000	9,000	-	-	-	-	-	-	
Purchase Phase Tracker	3,000	-	-	-	3,000	-	-	-	-	-	-	-	-	
<u>Major Storm Damage</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	
	690,716	5,186	11,269	24,384	43,203	78,639	77,436	100,270	89,986	89,883	80,554	73,682	16,225	690,716

**OCEC Capital Budget Detail - Direct Labor Crew Hours**

<b>Project</b>	<b>Total</b>	<b>Jan</b>	<b>Feb</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	
Members Requested Facilities (CIAC)	220.0		-	10.0	20.0	20.0	20.0	30.0	20.0	30.0	30.0	30.0	10.0	220.0
Replacements (Pole and Transformers)	80.0	5.2	11.3	8.0	10.0	-	10.0	-	10.0	10.0	5.7	3.0	6.8	80.0
Misc. URD/OH Replacement Projects	70.0	-	-	8.0	13.3	10.0	-	10.0	10.0	-	8.7	10.0		70.0
Replace 2500' of URD at Stud Horse - Part 2	30.0							15.0	15.0					30.0
Replace 2500' of URD at Edelweiss - Part 2	80.0					22.0		14.3	4.3	18.5	14.9	6.0		80.0
Mazama Upgrade (first of multiple phases)	41.6						10.7				10.0	20.3	0.6	41.6
Complete URD loop at Sky Ranch	20.0								10.0	10.0	-			20.0
Raise level of Garage Door to match others	-													-
Pole Inspections	-													-
Fire Retardant/Treatment on Poles	20.0						20.0							20.0
Meter Projects (replace CTs)	-													-
Purchase Pole Tamper and other tools														-
Purchase Phase Tracker														-
Major Storm Damage														-
	561.6	5.2	11.3	26.0	43.3	52.0	60.7	69.3	69.3	68.5	69.3	69.3	17.4	561.6
<b>Total Crew Hours Available</b>														
% of time Capitalized	2,080.0	173.3	173.3	173.3	173.3	173.3	173.3	173.3	173.3	173.3	173.3	173.3	173.3	
	27%	3%	7%	15%	25%	30%	35%	40%	40%	40%	40%	40%	10%	27%

## OCEC Capital Budget Detail - Direct Line Crew Labor

\$215.00 Per Hour Direct Line crew charge

Project	Total	Jan	Feb	March	April	May	June	July	August	September	October	November	December
Members Requested Facilities (CIAC)	47,300	-	-	2,150	4,300	4,300	4,300	6,450	4,300	6,450	6,450	6,450	2,150
Replacements (Pole and Transformers)	17,200	1,118	2,430	1,720	2,150	-	2,150	-	2,150	2,150	1,226	645	1,462
Misc. URD/OH Replacement Projects	15,050	-	-	1,720	2,860	2,150	-	2,150	2,150	-	1,871	2,150	-
Replace 2500' of URD at Stud Horse - Part 2	6,450	-	-	-	-	-	-	3,225	3,225	-	-	-	-
Replace 2500' of URD at Edelweiss - Part 2	17,200	-	-	-	-	4,730	-	3,075	925	3,978	3,204	1,290	-
Mazama Upgrade (first of multiple phases)	8,944	-	-	-	-	-	2,301	-	-	-	2,150	4,365	129
Complete URD loop at Sky Ranch	4,300	-	-	-	-	-	-	-	2,150	2,150	-	-	-
Raise level of Garage Door to match others	-	-	-	-	-	-	-	-	-	-	-	-	-
Pole Inspections	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire Retardant/Treatment on Poles	4,300	-	-	-	-	-	4,300	-	-	-	-	-	-
Meter Projects (replace CTs)	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase Pole Tamper and other tools	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase Phase Tracker	-	-	-	-	-	-	-	-	-	-	-	-	-
Major Storm Damage	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>120,744</b>	<b>1,118</b>	<b>2,430</b>	<b>5,590</b>	<b>9,310</b>	<b>11,180</b>	<b>13,051</b>	<b>14,900</b>	<b>14,900</b>	<b>14,728</b>	<b>14,900</b>	<b>14,900</b>	<b>3,741</b>

Note: This page calculated from Direct Labor Hours page

**OCEC Capital Budget Detail - 107.25 Labor**

1.4 % times Direct Labor

Project	Total	Jan	Feb	March	April	May	June	July	August	September	October	November	December	
Members Requested Facilities (CIAC)	66,220	-	-	3,010	6,020	6,020	6,020	9,030	6,020	9,030	9,030	9,030	3,010	
Replacements (Pole and Transformers)	24,080	1,565	3,401	2,408	3,010	-	3,010	-	3,010	3,010	1,716	903	2,047	
Misc. URD/OH Replacement Projects	21,070	-	-	2,408	4,003	3,010	-	3,010	3,010	-	2,619	3,010	-	
Replace 2500' of URD at Stud Horse - Part 2	9,030	-	-	-	-	-	-	4,515	4,515	-	-	-	-	
Replace 2500' of URD at Edelweiss - Part 2	24,080	-	-	-	-	6,622	-	4,304	1,294	5,569	4,485	1,806	-	
Mazama Upgrade (first of multiple phases)	12,522	-	-	-	-	-	3,221	-	-	-	3,010	6,110	181	
Complete URD loop at Sky Ranch	6,020	-	-	-	-	-	-	-	3,010	3,010	-	-	-	
Raise level of Garage Door to match others	-	-	-	-	-	-	-	-	-	-	-	-	-	
Pole Inspections	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fire Retardant/Treatment on Poles	6,020	-	-	-	-	-	6,020	-	-	-	-	-	-	
Meter Projects (replace CTs)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase Pole Tamper and other tools	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase Phase Tracker	-	-	-	-	-	-	-	-	-	-	-	-	-	
Major Storm Damage	-	-	-	-	-	-	-	-	-	-	-	-	-	
	169,042	1,565	3,401	7,826	13,033	15,652	18,271	20,859	20,859	20,619	20,859	20,859	5,237	169,042

## OCEC Capital Budget Detail - Materials

<b>Project</b>	<b>Total</b>	<b>Jan</b>	<b>Feb</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	
Members Requested Facilities (CIAC)	20,000	-	-	909	1,818	1,818	1,818	2,727	1,818	2,727	2,727	2,727	909	20,000
Replacements (Pole and Transformers)	17,000	1,105	2,401	1,700	2,125	-	2,125	-	2,125	2,125	1,211	638	1,445	17,000
Misc. URD/OH Replacement Projects	12,000	-	-	1,371	2,280	1,714	-	1,714	1,714	-	1,491	1,714	-	12,000
Replace 2500' of URD at Stud Horse - Part 2	14,000	-	-	-	-	-	-	7,000	7,000	-	-	-	-	14,000
Replace 2500' of URD at Edelweiss - Part 2	50,000	-	-	-	-	13,750	-	8,938	2,688	11,563	9,313	3,750	-	50,000
Mazama Upgrade (first of multiple phases)	15,000	-	-	-	-	-	3,858	-	-	-	3,606	7,320	216	15,000
Complete URD loop at Sky Ranch	8,000	-	-	-	-	-	-	-	4,000	4,000	-	-	-	8,000
Raise level of Garage Door to match others	-													-
Pole Inspections														-
Fire Retardant/Treatment on Poles	3,000	-	-	-	-	-	3,000	-	-	-	-	-	-	3,000
Meter Projects (replace CTs)														-
Purchase Pole Tamper and other tools	18,000					9,000	9,000							18,000
Purchase Phase Tracker	3,000				3,000									3,000
Major Storm Damage														-
<b>Subtotal Line work</b>	<b>160,000</b>	<b>1,105</b>	<b>2,401</b>	<b>3,981</b>	<b>9,223</b>	<b>26,282</b>	<b>19,801</b>	<b>20,379</b>	<b>19,345</b>	<b>20,415</b>	<b>18,348</b>	<b>16,149</b>	<b>2,570</b>	<b>160,000</b>

**OCEC Capital Budget Detail - Consultants - Contractors**

<b>Project</b>	<b>Total</b>	<b>Jan</b>	<b>Feb</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	
Members Requested Facilities (CIAC)		-	-	-	-	-	-	-	-	-	-	-	-	
Replacements (Pole and Transformers)		-	-	-	-	-	-	-	-	-	-	-	-	
Misc. URD/OH Replacement Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	
Replace 2500' of URD at Stud Horse - Part 2	16,000	-	-	-	-	-	-	8,000	8,000	-	-	-	-	
Replace 2500' of URD at Edelweiss - Part 2	42,000	-	-	-	-	11,550	-	7,508	2,258	9,713	7,823	3,150	-	
Mazama Upgrade (first of multiple phases)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Complete URD loop at Sky Ranch	12,000	-	-	-	-	-	-	-	6,000	6,000	-	-	-	
Raise level of Garage Door to match others	10,000							10,000						
Pole Inspections	10,000						10,000							
Fire Retardant/Treatment on Poles		-	-	-	-	-	-	-	-	-	-	-	-	
Meter Projects (replace CTs)	-													
Purchase Pole Tamper and other tools	-									-				
Purchase Phase Tracker	-				-									
Major Storm Damage														
<b>Total</b>	<b>90,000</b>	-	-	-	-	11,550	10,000	25,508	16,258	15,713	7,823	3,150	-	90,000

Note:  
This does not include contractors used for construction projects

**OCEC Capital Budget Detail - Transportation**

Transportation is

55% % of Direct Labor Costs

<b>Project</b>	<b>Total</b>	<b>Jan</b>	<b>Feb</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>	
Members Requested Facilities (CIAC)	26,015	-	-	1,183	2,365	2,365	2,365	3,548	2,365	3,548	3,548	3,548	1,183	
Replacements (Pole and Transformers)	9,460	615	1,336	946	1,183	-	1,183	-	1,183	1,183	674	355	804	
Misc. URD/OH Replacement Projects	8,278	-	-	946	1,573	1,183	-	1,183	1,183	-	1,029	1,183	-	
Replace 2500' of URD at Stud Horse - Part 2	3,548	-	-	-	-	-	-	1,774	1,774	-	-	-	-	
Replace 2500' of URD at Edelweiss - Part 2	9,460	-	-	-	-	2,602	-	1,691	508	2,188	1,762	710	-	
Mazama Upgrade (first of multiple phases)	4,919	-	-	-	-	-	1,265	-	-	-	1,183	2,400	71	
Complete URD loop at Sky Ranch	2,365	-	-	-	-	-	-	-	1,183	1,183	-	-	-	
Raise level of Garage Door to match others	-	-	-	-	-	-	-	-	-	-	-	-	-	
Pole Inspections	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fire Retardant/Treatment on Poles	2,365	-	-	-	-	-	2,365	-	-	-	-	-	-	
Meter Projects (replace CTs)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase Pole Tamper and other tools	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase Phase Tracker	-	-	-	-	-	-	-	-	-	-	-	-	-	
<u>Major Storm Damage</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	
	66,409	615	1,336	3,075	5,120	6,149	7,178	8,195	8,195	8,100	8,195	8,195	2,058	66,409

## OCEC Capital Budget Detail - Benefits

70% of Labor Expenses

Project	Total	Jan	Feb	March	April	May	June	July	August	September	October	November	December
Members Requested Facilities (CIAC)	33,110	-	-	1,505	3,010	3,010	3,010	4,515	3,010	4,515	4,515	4,515	1,505
Replacements (Pole and Transformers)	12,040	783	1,701	1,204	1,505	-	1,505	-	1,505	1,505	858	452	1,023
Misc. URD/OH Replacement Projects	10,535	-	-	1,204	2,002	1,505	-	1,505	1,505	-	1,309	1,505	-
Replace 2500' of URD at Stud Horse - Part 2	4,515	-	-	-	-	-	-	2,258	2,258	-	-	-	-
Replace 2500' of URD at Edelweiss - Part 2	12,040	-	-	-	-	3,311	-	2,152	647	2,784	2,242	903	-
Mazama Upgrade (first of multiple phases)	6,261	-	-	-	-	-	1,610	-	-	-	1,505	3,055	90
Complete URD loop at Sky Ranch	3,010	-	-	-	-	-	-	-	1,505	1,505	-	-	-
Raise level of Garage Door to match others	-	-	-	-	-	-	-	-	-	-	-	-	-
Pole Inspections	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire Retardant/Treatment on Poles	3,010	-	-	-	-	-	3,010	-	-	-	-	-	-
Meter Projects (replace CTs)	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase Pole Tamper and other tools	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase Phase Tracker	-	-	-	-	-	-	-	-	-	-	-	-	-
Major Storm Damage	-	-	-	-	-	-	-	-	-	-	-	-	-
	84,521	783	1,701	3,913	6,517	7,826	9,135	10,430	10,430	10,309	10,430	10,430	2,619

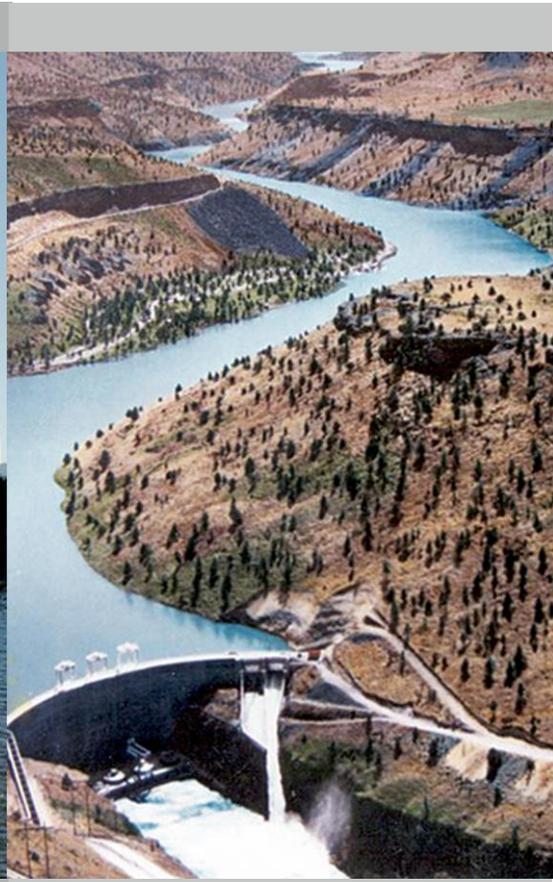
## OCEC Capital Budget Detail - Vehicles

<b>Project</b>	<b>Total</b>	<b>Jan</b>	<b>Feb</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>
Replace 19XX #10 Squirt Boom Service Truck	190,000							190,000	-		-		
	-									-			
<b>Totals</b>	<b>190,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>190,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Okanogan County Electric Cooperative, Inc.

## Request for Proposal for Cost of Service Analysis

November 2018



**EES** Consulting

570 Kirkland Way, Suite 100  
Kirkland, Washington 98033

Telephone: (425) 889-2700

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October 29, 2018

Lynn Northcott  
Okanogan County Electric Cooperative, Inc.  
P.O. Box 69  
Winthrop, Washington 98862

SUBJECT: Proposal to Perform Cost of Service Analysis

Dear Ms. Northcott:

EES Consulting, Inc. (EES) is pleased to submit this proposal to Okanogan County Electric Cooperative, Inc. (OCEC) to perform a cost of service analysis (COSA).

EES is uniquely qualified to assist OCEC in this project for the following reasons:

- EES is a multidisciplinary firm with extensive economic, engineering and financial analysis qualifications in the areas of cost of service and rate design. In addition, our staff has expertise in the areas of conservation, resource planning, capital budgeting, load forecasting, customer service and the standard uniform system of accounts that will provide additional expertise that is useful in developing fair and equitable utility rates. EES's ability to apply hard engineering principles to what is sometimes viewed incorrectly as a "financial analysis" is unique with EES.
- We are located in the Pacific Northwest and have provided assistance to Northwest public electric and water utilities for over 35 years related to developing revenue requirements, performing cost of service analysis, and designing rates. Over this timeframe, we have performed over 500 revenue requirement, cost of service and rate design studies for our utility clientele. This quantity and proximity of revenue requirement, cost of service and rate design engagements is unique.
- As technical rate experts for over 35 years, EES staff has assisted utilities and regulatory bodies with financial planning, revenue requirements, cost of service and rate design. As expert witnesses, EES staff has provided detailed examinations of functionalization, classification and allocation methods utilized in COSA studies in over 250 adjudicated

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A registered professional engineering corporation with offices in  
Kirkland, WA and Portland, OR

proceedings. This extensive experience as recognized experts before elected officials, public utility commissioners and courts of law is also unique.

- EES has developed a cost of service model consisting of a multi-year forecast period. The model is transparent and costs remain “unbundled” throughout the analysis. This enables OCEC staff and other reviewers to follow each cost item throughout the process of functionalization, classification and allocation. Our cost of service model represents state-of-the-art software and will be given to OCEC at no additional cost if EES is selected for this project.
- The senior staff at EES are widely known as competent instructors in the areas of capital budgeting, cost of service, rate design, financial management and overall utility operations. We teach a number of courses and workshops on these subjects. These classes are taught on behalf of the Northwest Public Power Association (NWPPA), Washington PUD Association, American Public Power Association (APPA), American Water Works Association (AWWA) and the California Municipal Utilities Association (CMUA). Teaching these classes and serving on national associations, keeps EES staff exposed to current utility issues and provides a broad base of experience from which to give OCEC advice. Again, this experience with teaching rate design principles and interacting with hundreds of utilities in the process of teaching is unique within EES.
- EES does not have any possible conflicts.

I look forward to working with OCEC on this interesting project and hope to hear back from you in the near future.

Very truly yours,



Amber Nyquist  
Manager Economic Evaluations

# Firm Experience

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EES Consulting, Inc. (EES) is pleased to offer this proposal to the Okanogan County Electric Cooperative, Inc. (OCEC) to perform a cost of service analysis. EES is a registered professional engineering and management consulting firm, first established in 1978, that provides a variety of project solutions to clients involved with electric, natural gas, telecommunications, water, wastewater and other energy and natural resource related businesses. Our professional staff members have backgrounds in the areas of engineering, economics, finance, public administration, operations, research and general management.

EES has assisted public utility clients in meeting the challenges of evolving competitive, regulatory and technical environments. We have a proven track record of success in arenas where the results of a particular project may have far reaching effects on the viability of an organization or the local community.

Because of the size of our firm and our highly qualified staff, we are able to deliver results in less time and with less expense to our clients. We are responsive and focused on cost-effective solutions for our clients' needs, and always recommend the most direct and efficient means of carrying out a project. The success of our project approach has resulted in the large volume of repeat business that the firm enjoys, roughly 75 percent.

EES offers a variety of services to its diverse clients: rate and cost-of-service studies, strategic planning, integrated resource planning, regulatory analysis, comprehensive planning, design and construction engineering, expert witness testimony, general management consulting services, and review/development of capital budgets.

EES has performed over 500 electric, water, wastewater, natural gas, stormwater and telecommunication rate studies throughout the U.S. and Canada. We have assisted many utilities, major industrial customers and regulatory commissions in developing automated average embedded and marginal cost of service computer programs, and in analyzing various cost allocation structures and frameworks.

EES has analyzed Bonneville Power Administration (BPA) rates and contracts for 22 public utility districts in Washington State including Slice customers. In just the past two years, EES staff has developed over 35 cost of service analysis (COSA) studies for BPA public utility customers. The COSA studies have explored not only cost allocation and rate design, but also the relatively new BPA Tiered Rate Methodology environment utilities have faced since October 2011. EES staff also actively participates as experts in industry forums, conferences, roundtable discussions and courts of law on power supply and BPA issues in the region.

Going forward, Pacific Northwest utilities will be facing a myriad of new challenges which should properly and ultimately be reflected in their rate design. In addition to the TRM rate structure implemented by BPA, utilities will likely be faced with other rate-related issues including the development of more customer-owned renewable resources (distributed generation),

customers' desire for more innovative options on how they use and pay for electricity, and a more complex operating environment wherein more regulation and higher rates are very possible.

Our broad base of clients includes utilities and industrial companies located throughout North America. EES has a track record of success in arenas where the results of a particular evaluation or analysis may have far reaching effects on the viability of an organization and the local community.

EES offers a broad array of services including:

- Cost of Service, Financial Analysis and Rate Design
- Energy Efficiency and Demand Side Management Strategies
- Strategic Planning
- Mergers and Acquisitions
- Engineering Design Services/Construction Management
- Expert Witness and Regulatory Policy Support Services
- Educational Seminars
- Net Metering Experience
- Distributed Generation Impact (CPI)
- On-Call Services
- Capital Plan Experience

# Proposed Scope

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In order to accomplish the OCEC's project successfully, it is necessary to develop a detailed scope of services at the beginning. This helps clarify both the needs of the OCEC and the approach to be used by EES to ensure that the utility receives the desired study results. The proposed scope of work is based on our experience in providing revenue requirement and cost of service studies to other utilities, however, EES is flexible in its approach and can modify the scope of work as requested by the OCEC.

The primary components of a revenue requirement, cost of service analysis and rate design study include:

- Develop background data and identify project goals and objectives
- Forecast revenue requirements for future period/review capital expenditures and operating costs
- Allocate forecast revenue requirements to customers by performing a cost of service analysis
- Make recommendations and present results in a report format to OCEC's Staff and Board.

## Anticipated Scope of Work

EES will hold an initial project meeting (conference call) with the OCEC staff to discuss the scope of work, the OCEC's background and current operations, policy direction, and Board goals and objectives. This meeting will assist EES in moving forward with the project by identifying and resolving key issues, discussing the goals of the OCEC, and developing a formal procedure for obtaining information necessary to conduct the study.

The following narrative summarizes the study analysis and results to be developed for the OCEC.

## Proposed Scope for Gathering Background Data and Defining Project Goals and Objectives

Objective: To determine the scope of work, and the OCEC's policy goals and objectives.

1. Key issues and changes identified by the OCEC from the most recent COSA, and the project goals and objectives will be determined during an initial project kickoff meeting.
2. Additional data request items will be provided to the OCEC and a process to obtain the information necessary to complete the study will be developed.

## Proposed Scope for Developing a Forecast Revenue Requirements

Objective: Identify the current and projected revenues and expenses for the OCEC's electric system.

1. Use accrual basis for developing Revenue Requirement (similar to 2015 COSA)
2. A test period for the study will be selected. For the study, a test period of FY 2019 - 2023 is proposed, but alternatives will be discussed prior to proceeding.
3. The OCEC's latest load and customer forecast will be incorporated into the COSA model.
4. The OCEC's financial records will be analyzed to evaluate the current and budgeted system revenues from current rates and resources available to finance the forecast revenue requirement for the desired test period.
5. The current and projected power supply costs will be developed based on the OCEC's most recent power supply cost forecast and EES's knowledge of likely future wholesale rate levels. In particular, BPA's most recent rate increase notifications will be incorporated into the Power Supply module. Transmission and ancillary charges will also be determined for each year of the study period.
6. A financing plan for major capital improvements will be developed, including additional debt and cash requirements.
7. Appropriate reserve fund levels will be suggested based on utility industry standards. The reasons for reserves will be discussed. An analysis of the impact on rates of different reserve levels will be provided.
8. The impact of projected revenues and expenses on the OCEC's debt-related financial ratios will be determined.
9. The cost of power supply and transmission expenses, other operation and maintenance expenses, taxes, interest, depreciation, margins, reserve fund requirements and all other necessary costs associated with the operation of the OCEC system will be analyzed to determine the annual revenue requirement for each year of the study period.
10. Projected revenues will be compared to the annual revenue requirement (total expenses) to identify the need for a rate adjustment to existing monthly rates and charges. If necessary, a plan can be developed to phase-in rate changes over time, should large adjustments be required.

## Proposed Scope for the Cost of Service Analysis (COSA) Task

Objective: Determine an equitable allocation of the annual revenue requirement to the various customer classes using generally accepted cost allocation methods. A key concept in this process is the “cost causation” nature of each expense incurred by the OCEC.

1. The OCEC’s most recent COSA assumptions and methodology will be reviewed and possible modifications will be suggested as appropriate.
2. Costs will be functionalized by itemizing plant investments and related expenses by the following functions: production, transmission, distribution, customer services, and administrative and general (A&G).
3. Costs will be classified to determine whether each individual plant investment or cost was incurred to meet a customer’s demand, energy or customer related need.
4. A review of the appropriate number of rate classes, based on the character of service provided, will be completed to ensure the proper rate classes are being considered.
5. Costs will be allocated to the OCEC’s rate classes by developing allocation factors based on customer information, historic load data and projected usage by rate class. Where data is not available, industry standard data will be applied. A review of the planning, design, and operational data for the system will be used to determine the facilities in place and how each rate class benefits from and uses these facilities. Some costs may be directly assigned to a specific rate class where appropriate.
6. Average unit costs by functional category will be provided based on the allocated costs and billing determinants developed for each rate class. Unit costs will be presented for energy (¢/kWh), demand (\$/kW), and customer related (\$/Customer/Mo.) charges for each customer class. The average unit costs represent cost of service rates and can be used as an input in the rate setting process.
7. Any subsidies that may exist between rate classes will be identified in this task and addressed before starting any rate design.

## Deliverables

A draft report with the results of the cost of service analysis will be provided after the preliminary cost of service analysis is finalized. Once the OCEC has reviewed the draft report, EES will incorporate any comments or suggestions into a final report. EES will provide the OCEC with as many copies of the final report as reasonably needed.

## **Presentations**

EES will present results and make recommendations to the OCEC's management staff and policymakers, if desired. The proposed budget includes teleconferencing/skype meetings as needed. The proposed budget below does not include budget for any on-site meetings. Any requested meetings will be billed at the hourly rates discussed later in this proposal, plus any out-of-pocket expenses.

# Proposed Team

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## Proposed Staff

EES has a staff of consultants experienced in the area of cost of service and rate design analysis. For this project, EES proposes that overall project management will be performed by Anne Falcon. EES has a large diversified staff of senior consultants experienced in the areas of revenue requirement, cost of service and rate design analysis. For this project, Anne Falcon will be the project manager and Kelly Tarp will provide the analytical support.

### **Gary Saleba, President**

As both a management and strategic planning consultant, Mr. Saleba is a principal and president of EES. He provides overall quality control and insight for comprehensive financial, rates and power supply planning studies. As a founding member of EES, Mr. Saleba has over 35 years of experience with electric, natural gas, water, wastewater, telecommunication, and disposal utilities. He has overseen more than 500 cost of service and rate design studies. He also has taught Northwest Public Power Association, American Public Power Association and American Water Works Association cost of service and rate design schools. Finally, Mr. Saleba has appraised virtually all of EES's clients in how to deal with fundamental changes in the energy and natural resource industries. These changes include increased competition, more emphasis on public input in major decision making, and strategic planning under an uncertain future.

### **Steve Andersen, Manager, Project Evaluations**

Mr. Andersen is responsible for providing economic analysis for electric utility clients and for analysis of issues related to power transmission and scheduling. Since joining EES, Mr. Andersen has been involved in monitoring Bonneville Power Administration (BPA) rates and contract activities and analyzing their long-term impact on clients. He has experience working with BPA rates and penalties as they apply to all BPA contract customers. He is familiar with Pacific Northwest energy markets and how they function on a daily basis. Mr. Andersen is also responsible for managing resource feasibility studies and integrated resource plans

# References

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The following summarizes examples of work performed by EES, particularly for those clients for whom we have completed recent revenue requirement, cost of service and rate studies.

Please see a comprehensive list of EES’s COSA clients at the end of this proposal.

<b>Client Reference #1</b>	
Client Name	Pacific County PUD No. 2
Contact Name	Doug Miller
Phone Number	(360) 942-2411
Email Address	<a href="mailto:doug@pacificpud.org">doug@pacificpud.org</a>
Type of Services Provided	Retail Revenue Requirement, Cost of Service and Rate Design Study for Electric Pole Attachment Rate
<b>Client Reference #2</b>	
Client Name	Central Electric Cooperative
Contact Name	Dave Markham
Phone Number	541-312-7764
Email Address	<a href="mailto:dmarkham@cec.coop">dmarkham@cec.coop</a>
Type of Services Provided	Retail Revenue Requirement, Cost of Service and Rate Design Study
<b>Client Reference #3</b>	
Client Name	Clark Public Utilities
Contact Name	Wayne Nelson
Phone Number	(360) 992-3000
Email Address	<a href="mailto:wnelson@clarkpud.com">wnelson@clarkpud.com</a>
Type of Services Provided	Retail Revenue Requirement, Cost of Service and Rate Design Study
<b>Client Reference #4</b>	
Client Name	City of Tacoma, Washington
Contact Name	Larry Nyquist
Phone Number	(253) 502- 8000
Email Address	<a href="mailto:LNyquist@ci.tacoma.wa.us">LNyquist@ci.tacoma.wa.us</a>
Type of Services Provided	Electric Revenue Requirement, Cost of Service and Rate Design Study Development and Review
<b>Client Reference #5</b>	
Client Name	Fall River Electric Cooperative
Contact Name	Bryan Case
Phone Number	(208) 652-7431
Email Address	<a href="mailto:Bryan.Case@fallriverelectric.com">Bryan.Case@fallriverelectric.com</a>
Type of Services Provided	Retail Revenue Requirement, Cost of Service and Rate Design Study

# Proposed Time Schedule and Fees

The proposed schedule assumes the study will begin in February following the OCEC’s notice to proceed. The results can be available by the end of April.

	February				March				April			
Data Gathering and Review	■	■	■	■								
Revenue Requirement				■	■	■	■	■				
COSA						■	■	■				
Reports										X		X

EES’s standard hourly billing rates are noted below. The fee estimates for this project are developed on the basis of the following billing rates:

President .....	\$200
Managing Director .....	195
Manager .....	190
Senior Project Manager .....	185
Project Manager .....	180
Senior Analyst/Engineer .....	175
Analyst/Engineer .....	170
Senior Administrative Assistant .....	120

Based upon the above hourly billing rates and proposed scope of work, the following labor budget is estimated for the scope of services presented above.

<u>Task</u>	<u>Labor</u>
Develop Project Objectives & Gather Data	\$5,000
Revenue Requirements	5,000
Cost of Service Analysis & Report	13,000
Board Training Session	2,000
<b>Total Not-to-Exceed Labor Cost</b>	<b>\$25,000</b>

Out-of-pocket and travel expenses will be billed to the OCEC in addition to this labor budget and at their actual cost to EES. It is anticipated that no expenses will be billed to this project.

Any expenses relating to questions that OCEC may have while OCEC designs rates will be billed at an hourly rate.

EES bills based on actual hours worked. Therefore, if the level of effort required is less than estimated, the cost will be reduced commensurate. If the proposed scope of services is modified

at the OCEC's request, EES will discuss any change to this proposed budget prior to proceeding with the requested work.

The above quoted fees will remain in effect until December 31, 2019.