

1:00 PM – Governance Committee

2:00 PM – Kent Lopez – WRECA



BOARD OF DIRECTORS MEETING

August 26, 2019 at 3:00 PM

AGENDA

1. Meeting Called to Order
2. Determination of Quorum
3. Approval of Agenda
4. Member Communications
5. Approval of Consent Agenda (**Tab 2**)
 - a) Minutes from July 22, 2019
 - b) New Members
 - c) July 2019 – Form 7
 - d) Statement of Operations
 - e) Power & Service Data
 - f) Capital Expenditures by Project
 - g) Cash Flow
6. Committee Reports
7. Meetings Attended
 - a) PNGC August Board Meeting – Portland, OR, August 6th and 7th - David, Chris and Dale
8. Meetings to Attend
 - a) PNGC Transmission/Generation Seminar - August 27th, 2 PM - Board Room

- b) PNGC September Board Meeting - Portland, OR, September 4th – Dale
- c) State of Washington Wildland Fire Task Force Meeting - Olympia – September 4th - David
- d) PNGC Annual Meeting – Sept. 30 to Oct 2nd – David and Board Members (Poll Board Members to See Who Wants to Attend)

9. General Managers Report (Tab 3)

- a) Office Update
- b) Operations Update
- c) Propane Update

ITEMS OF BUSINESS

- 1) Standing Committee Charters
 - a. Finance
 - b. Governance
- 2) Proposal to Engage Consultant to Develop Long-Term HQ Facilities Plan **(Tab 4)**
- 3) Proposal for Additional Capital Project for Line Sensors - \$31,000

OPEN FLOOR FOR BOARD MEMBERS

EXECUTIVE SESSION



BOARD MEETING
July 22, 2019

Present: Sara Carlberg, Dale Sekijima, Ray Peterson, and Alan Watson.

Absent: John Kirner, Chris Legler and Michael Murray.

Attending: David Gottula; General Manager, Glenn Huber; Operations Manager, Tracy McCabe; OCEI Manager, and Teri Parker; Office Staff.

Members in Attendance: None

PRELIMINARY

1. MEETING CALLED TO ORDER

President Dale Sekijima called the meeting of the Board of Directors of Okanogan County Electric Cooperative, Inc. (OCEC) to order at 3:45 pm.

2. DETERMINATION OF QUORUM

A quorum was present.

3. APPROVAL OF AGENDA

Agenda approved by Board consensus.

4. APPROVAL OF CONSENT AGENDA ITEMS

Consent Agenda approved by Board Consensus.

5. COMMITTEE REPORT

Sara commented the Governance committee has reviewed the draft charter and 'committee approved' final draft will be ready for review/approval at August Board. Alan Watson reported the Finance Committee has not met at this time.

6. MEETINGS ATTENDED

a) None

7. MEETINGS TO ATTEND

a. PNGC August Board Meeting – Portland OR – August 6th & 7th – David and Chris

Sara inquired as to whether or not it is important for all Board members to attend a PNGC Board meeting.

The Board consensus is that it is not necessary for Directors to attend PNGC board meetings.

b. PNGC Transmission/Generation Seminar – August 27th – 2PM – OCEC Board Room

Sara noted that WRECA's Board Meeting is September 9th & 10 at Tanner Electric in North Bend. There will be a workshop on the 9th addressing the Clean Energy Transformation Act.

8. GENERAL MANAGERS REPORT

Written report reviewed.

David noted that Lynn Northcott is continuing work on low income weatherization projects through Community Action using OCEC's BPA conservation funds.

Sara suggested contacting Methow at Home for possible candidates.

a) **Office Update**

None.

b) **Operations Update**

Glenn Huber reported:

- OCEC will begin its summer settings on OCR circuits this week: they will be set to one-shot system due to fire danger.
- There are remaining contractual issues with the new truck. Altec has agreed to swap out the chassis and fix all issues before OCEC will take possession.
- Capital projects are ongoing.
- Pole testing for 2019 has been completed: there are two poles in the Twisp River area to schedule for replacement.
- Bob Rivard has been clearing selected right-of-ways beneath OCEC power lines; pictures included in the General Managers report.

c) OCEI Propane Update

Tracy McCabe reported OCEI's new truck is up and running with no problems to report. Tracy and Joe Cole (staff), picked up the OCEI Bobtail that was in Mount Vernon for repairs and were able to visit with another propane delivery company.

ITEMS OF BUSINESS

1. Standing Committee Charters

- a. Finance
- b. Governance

David reported he had a conference call with Jennifer Sands, OCEC Attorney, to discuss whether Charters could or should be incorporated into existing policies or if they should stand alone. Jennifer's opinion is there is no problem incorporating them into current policies.

The Board discussion points included whether the Governance draft charter is too broad, should OCEC have an Executive Committee to review personnel issues or G.M. matters, and should OCEC have stand-alone Charters or incorporate them into current policies.

The general consensus of the Board:

- A standing executive committee is not needed.
- For now, assume Charters will be incorporated into policies.

Jennifer will be here in September and the topic can be discussed further.

2. "Over 80" Special Capital Credit Distribution

David reported the total applicants to date is \$35,423.82. The current payout cap approved is \$25,000.

Sara moved to increase the "Over 80" Special Payout Capital Credit Distribution cap for up to \$50,000. Second. Passed.

3. Selection Of Auditor for 2020

David reported that he and Lynn sent out 8-10 proposals and received two (2) back. The recommendation is to stay with OCEC's current auditor.

Alan Watson moved to retain the firm of Decoria-Maichel-Teague for a three-year term. Seconded. Passed.

4. 2018 KRTA Benchmark Ratios

David reviewed the written report and noted an Excel spreadsheet had been sent out separately to Board members.

After a discussion on calculating tiers for the report, David noted he will send the formulas used in the calculations to the Board.

5. COSA Update – Discussion of Possible 2020 Rate Adjustments

David reported PNGC has not completed the COSA to date, noting this review is for fiscal year 2020-2021.

Sara requested a discussion on irrigation subsidies, in regards to whether OCEC should be subsidizing any rate group. That topic will be a part of the rate discussion when the COSA is finalized.

6. Determine Who is Interested in Attending:

David requested any Board member interested in attending either meeting should let him know as soon as possible so he can be sure to book enough rooms.

- a. NRECA/CFC Regional Meeting in Spokane on September 24-26

b. PNGC Annual Meeting in Portland, September 30th – October 2nd

Alan Watson will be attending. David is making four room reservations. This number will be adjusted after the next Board meeting when other directors are polled on attendance.

OPEN FLOOR FOR BOARD MEMBERS

Sara Carlberg suggested that Board meeting be rescheduled accordingly when two (2) or more Board members will be absent.

Alan Watson noted that Directors need to be responsible to let David or Dale Sekijima know if they will be unable to attend a meeting.

Meeting adjourned 4:35 pm.

EXECUTIVE SESSION

1. Subsidiary Update
2. GM Goals Update

Alan Watson, Secretary

New Members OCEC**August 26, 2019****REINSTATE****NEW MEMBERS**

1. MATTESON, TARA & BART	119085
2. LAYNE, RACHEL	119086
3. TAYLOR, KELLIE	119087
4. VOID	119088
5. BOGAARD, AMY K	119089
6. LAW, PATRICK	119090
7. HODAPP, NICHOLAS & BEATRICE	119091
8. DARWOOD, JENNY	119092
9. PEDERSON, EIREANN	119093
10. DEMUTH, GERALD J & JULIE K	119094
11. CRAFT, TRACEY & JOHN	119095
12. SIDOROV, DMITRY & NELSON, LINDSAY	119096
13. LAW, MORGAN & KATHLEEN	119097
14. FLYNN, THOMAS & LINDA	119098
15. RAMSBORG, CHRISTOPHER & KARASSIK, LAURA	119099
16. ALLEN, THOMAS & PLACE, NANCY	119100
17. DUVEY, PHIL	119101
18. STOELTING, WADE & DAWN	119102
19. WIERMAN, TAMI & JEFFREY	119103
20. SLOCUM, THOMAS M & DUDLEY, JUDITH L	119104
21. KELLEY, TOM & JESSICA	119105
22. KENNEDY, JULIET & MATTHEW	119106
23. STRANAHAN, STEPHEN (JOSH) S	119107
24. VOID	119108
25. TOWN, ROBERT & GRAVES, ELEANOR	119109
26. TAKUMA, NORIKO & HARPER, BRET	119110
27. GODDARD, TRACEY L	119111
28. POINTER, KATHERINE S	119112
29. GODE, JENNIFER	119113
30. HAUG, EVAN	119114
31. RICHMOND, BRET & KATE	119115



NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME		Okanogan County Electric Coop Inc
	BORROWER DESIGNATION		WA032
	ENDING DATE		7/31/2019

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

CERTIFICATION	BALANCE CHECK RESULTS	AUTHORIZATION CHOICES
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.		A. NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA? <input checked="" type="radio"/> YES <input type="radio"/> NO
Signature of Office Manager or Accountant: <i>[Signature]</i> Date: 8/13/19 Signature of Manager: <i>[Signature]</i> Date: 8/13/19		B. Will you authorize CFC to share your data with other cooperatives? <input checked="" type="radio"/> YES <input type="radio"/> NO

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	3,325,565	3,517,097	3,427,514	399,826
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	1,655,045	1,746,947	1,678,613	186,320
4. Transmission Expense	0	0	0	0
5. Regional Market Operations Expense	0	0	0	0
6. Distribution Expense - Operation	58,031	64,245	49,461	9,732
7. Distribution Expense - Maintenance	363,406	433,568	396,812	68,352
8. Consumer Accounts Expense	174,684	174,748	178,823	21,362
9. Customer Service and Informational Expense	4,453	3,611	2,402	257
10. Sales Expense	4,104	(1,624)	(2,988)	1,032
11. Administrative and General Expense	340,630	445,248	373,947	45,520
12. Total Operation & Maintenance Expense (2 thru 11)	2,600,353	2,866,743	2,677,070	332,575
13. Depreciation & Amortization Expense	222,952	223,409	227,647	30,207
14. Tax Expense - Property & Gross Receipts	26,225	26,363	24,133	3,766
15. Tax Expense - Other	102,541	108,110	105,399	12,510
16. Interest on Long-Term Debt	118,681	114,303	114,184	16,266
17. Interest Charged to Construction (Credit)	0	0	0	0
18. Interest Expense - Other	0	0	0	0
19. Other Deductions	0	0	0	0
20. Total Cost of Electric Service (12 thru 19)	3,070,752	3,338,928	3,148,433	395,324
21. Patronage Capital & Operating Margins (1 minus 20)	254,814	178,170	279,081	4,502
22. Non Operating Margins - Interest	11,729	14,721	14,317	502
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	1,723	8,385	5,000	5,000
25. Non Operating Margins - Other	10,500	10,500	10,500	1,500
26. Generation & Transmission Capital Credits	0	0	0	0
27. Other Capital Credits & Patronage Dividends	0	0	0	0
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	278,766	211,776	308,898	11,504

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	24	32	5. Miles Transmission	0	0
2. Services Retired	3	6	6. Miles Distribution Overhead	302	303
3. Total Services In Place	3,753	3,808	7. Miles Distribution Underground	212	221
4. Idle Services (Exclude Seasonal)	101	99	8. Total Miles Energized (5+6+7)	514	524



NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Okanogan County
	BORROWER DESIGNATION	WA032
	ENDING DATE	07/31/2019

PART C. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	14,249,544	29. Memberships	16,290
2. Construction Work in Progress	367,397	30. Patronage Capital	8,040,799
3. Total Utility Plant (1+2)	14,616,941	31. Operating Margins - Prior Years	834,473
4. Accum. Provision for Depreciation and Amort	4,824,229	32. Operating Margins - Current Year	201,276
5. Net Utility Plant (3-4)	9,792,712	33. Non-Operating Margins	10,500
6. Nonutility Property - Net	0	34. Other Margins & Equities	482,627
7. Investment in Subsidiary Companies	827,067	35. Total Margins & Equities (29 thru 34)	9,585,964
8. Invest. in Assoc. Org. - Patronage Capital	352,616	36. Long-Term Debt CFC (Net)	0
9. Invest. in Assoc. Org. - Other - General Funds	0	37. Long-Term Debt - Other (Net)	3,305,398
10. Invest in Assoc. Org. - Other - Nongeneral Funds	144,438	38. Total Long-Term Debt (36 + 37)	3,305,398
11. Investments in Economic Development Projects	0	39. Obligations Under Capital Leases - Non current	0
12. Other Investments	13,500	40. Accumulated Operating Provisions - Asset Retirement Obligations	0
13. Special Funds	0	41. Total Other Noncurrent Liabilities (39+40)	0
14. Total Other Property & Investments (6 thru 13)	1,337,621	42. Notes Payable	0
15. Cash-General Funds	814,936	43. Accounts Payable	528,397
16. Cash-Construction Funds-Trustee	0	44. Consumers Deposits	155,860
17. Special Deposits	87,563	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	385,846	48. Other Current & Accrued Liabilities	245,032
21. Accounts Receivable - Net Other	996,106	49. Total Current & Accrued Liabilities (42 thru 48)	929,289
22. Renewable Energy Credits	0	50. Deferred Credits	0
23. Materials & Supplies - Electric and Other	241,661	51. Total Liabilities & Other Credits (35+38+41+49+50)	13,820,651
24. Prepayments	24,779		
25. Other Current & Accrued Assets	966	ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION	
26. Total Current & Accrued Assets (15 thru 25)	2,690,318	Balance Beginning of Year	0
27. Deferred Debits	(0)	Amounts Received This Year (Net)	189,241
28. Total Assets & Other Debits (5+14+26+27)	13,820,651	TOTAL Contributions-In-Aid-Of-Construction	189,241

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

OKANOGAN COUNTY ELECTRIC COOPERATIVE, INC.

STATEMENT OF OPERATIONS

July 31, 2019

	ANNUAL BUDGET	Y-T-D BUDGET	Y-T-D ACTUAL	MONTH BUDGET	MONTH ACTUAL
OPERATING REVENUE	\$5,891,986	\$3,427,514	\$3,517,097	\$407,983	\$399,826
COST OF POWER	\$2,831,793	\$1,678,613	\$1,746,947	\$211,018	\$186,320
GROSS MARGINS	\$3,060,193	\$1,748,901	\$1,770,150	\$196,965	\$213,506
OPERATING EXPENSES:					
DISTRIBUTION OPERATIONS	\$93,080	\$49,461	\$64,245	\$7,578	\$9,732
DISTRIBUTION MAINTENANCE	\$593,844	\$396,812	\$433,568	\$43,118	\$68,352
CONSUMER ACCOUNTING	\$305,739	\$178,823	\$174,748	\$22,111	\$21,362
CONSUMER SERVICE & INFO	\$3,687	\$2,402	\$3,611	\$257	\$257
SALES EXPENSE	-\$2,988	-\$2,988	-\$1,624	\$0	\$1,032
ADMIN & GENERAL	\$631,819	\$373,947	\$445,248	\$48,301	\$45,520
<i>TOTAL OPERATING EXPENSES</i>	\$1,625,181	\$998,457	\$1,119,796	\$121,366	\$146,255
FIXED EXPENSES:					
DEPRECIATION	\$391,573	\$227,647	\$223,409	\$32,521	\$30,207
TAXES-PROPERTY	\$41,344	\$24,133	\$26,363	\$3,442	\$3,766
TAXES-OTHER	\$175,255	\$105,399	\$108,110	\$13,971	\$12,510
INTEREST	\$194,329	\$114,184	\$114,303	\$16,120	\$16,266
OTHER DEDUCTIONS	\$0	\$0	\$0	\$0	\$0
<i>TOTAL FIXED EXPENSES</i>	\$802,502	\$471,363	\$472,185	\$66,054	\$62,749
TOTAL EXPENSES	\$2,427,682	\$1,469,820	\$1,591,981	\$187,420	\$209,004
OPERATING MARGINS	\$632,511	\$279,081	\$178,170	\$9,545	\$4,502
NONOPERATING MARGINS:					
INTEREST	\$72,523	\$19,317	\$23,107	\$364	\$5,502
OTHER	\$18,000	\$10,500	\$10,500	\$1,500	\$1,500
NET MARGINS	\$723,034	\$308,898	\$211,776	\$11,409	\$11,504
T.I.E.R.	4.72	3.71	2.85	1.71	1.71

OKANOGAN COUNTY ELECTRIC COOPERATIVE, INC.

POWER & SERVICE DATA

July-19

	April 2019	May 2019	June 2019	July 2019	July 2018
POWER DATA:					
COST OF POWER	\$187,142	\$158,652	\$171,040	\$186,320	\$199,106
KWH PURCHASED	3,851,602	3,658,630	3,555,950	3,986,765	4,348,875
KWH SOLD & OCEC USE	3,520,637	3,348,953	3,021,501	3,748,447	4,003,758
KWH LOST	330,965	309,677	534,449	238,318	345,117
LINE LOSS %	8.59%	8.46%	15.03%	5.98%	7.94%
COST PER KWH	\$0.0486	\$0.0434	\$0.0481	\$0.0467	\$0.0458
BILLING DATA:					
ACCOUNTS BILLED	3,594	3,792	3,819	3,817	3,760
AVG. KWH/CONSUMER	980	883	791	982	1,065
BILLING REVENUE	\$384,605	\$375,977	\$359,538	\$396,963	\$411,464
AVERAGE BILL	\$107.01	\$99.15	\$94.14	\$104.00	\$109.43
REVENUE/KWH SOLD	\$0.1092	\$0.1123	\$0.1190	\$0.1059	\$0.1028
SERVICE DATA:					
NEW	5	6	9	6	8
RETIRED	0	0	2	0	2
TOTAL END OF MONTH	3789	3795	3802	3808	3753
IDLE SERVICES	102	102	101	99	101
TRANSPORTATION:					
TOTAL MILES	7,757	7,522	8,813	4,535	6,424
COST OF OPERATION	\$16,159	\$21,803	\$19,406	\$18,963	\$17,705
AVG. COST PER MILE	\$2.083	\$2.899	\$2.202	\$4.182	\$2.756
MATERIALS:					
ISSUES	\$3,055	\$8,291	\$16,546	\$16,417	\$10,627
INVENTORY	\$222,708	\$258,861	\$250,787	\$241,661	\$280,098

Okanogan County Electric Cooperative Inc

Capital Expenditures by Project

Jul-19

	Current Month			Year to Date			Annual	Annual
	Actual	Budget	Variance	Actual	Budget	Variance	Budget	Balance
Member Requested Facilities	17,145.86	33,532.00	16,386.14	115,508.30	143,551.00	28,042.70	288,855.00	173,346.70
Replacements (Poles & Transformers)	51,227.77	0.00	(51,227.77)	131,251.89	24,380.00	(106,871.89)	65,925.00	(65,326.89)
Misc URD/OH Replacement Projects	16,955.84	10,584.00	(6,371.84)	43,295.54	42,309.00	(986.54)	72,685.00	29,389.46
Replace 2500' of URD at Stud Horse - Part 2	0.00	28,304.00	28,304.00	0.00	28,304.00	28,304.00	56,609.00	56,609.00
Replace 2500' of URD at Edelweiss - Part 2	19,893.84	29,367.00	9,473.16	19,893.84	54,010.00	34,116.16	123,217.00	103,323.16
Mazama Upgrade (first of multiple phases)	6,707.57	0.00	(6,707.57)	6,707.57	13,349.00	6,641.43	51,897.00	45,189.43
Complete URD loop at Sky Ranch	0.00	0.00	0.00	10,150.29	0.00	(10,150.29)	37,739.00	27,588.71
Cordination Study - Part 1 of 2	0.00	0.00	0.00	0.00	0.00	0.00	15,000.00	15,000.00
Major Storm Damage	0.00	0.00	0.00	4,625.60	3,069.00	(1,556.60)	16,264.00	11,638.40
Raise level of Garage Door to match others	0.00	10,000.00	10,000.00	✓ 10,161.71	10,000.00	(161.71)	10,000.00	(161.71)
Pole Inspections	17,929.03	0.00	(17,929.03)	17,929.03	10,000.00	(7,929.03)	10,000.00	(7,929.03)
Fire Retardant/Treatment on Poles	1,664.65	0.00	(1,664.65)	22,409.19	20,739.00	(1,670.19)	20,739.00	(1,670.19)
Meter Projects (replace CTs)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase Pole Tamper and other tools	0.00	0.00	0.00	✓ 5,656.30	18,000.00	12,343.70	18,000.00	12,343.70
Purchase Phase Tracker	0.00	0.00	0.00	✓ 5,950.00	6,000.00	50.00	6,000.00	50.00
Roof Extension on Back Walkway	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00	10,000.00
subtotal	131,524.56	111,787.00	(19,737.56)	393,539.26	373,711.00	(19,828.26)	802,930.00	409,390.74
Un Allocated Overhead	34,140.87			34,140.87	0.00	(34,140.87)		
Member CIAC	CIAC (56,030.00)	(35,000.00)	(21,030.00)	(189,241.42)	(86,650.00)	(102,591.42)	(340,000.00)	(150,758.58)
Total less CIAC	109,635.43			238,438.71			462,930.00	
* \$51,945.66 holding in CIAC 06/30/19								
Meters Purchases	0.00	0.00	0.00	20,449.80	35,000.00	14,550.20	35,000.00	14,550.20
Computers & Software Upgrades	2,397.71	0.00	0.00	2,397.71	18,000.00	15,602.29	18,000.00	15,602.29
Transformers Purchases	0.00	0.00	0.00	165,812.17	130,000.00	(35,812.17)	130,000.00	(35,812.17)
FEMA Reimbursement	0.00	0.00	0.00	(176,985.17)	(174,000.00)	2,985.17	(174,000.00)	2,985.17
Vehicle Replacement	197,060.94	39,000.00	(158,060.94)	197,060.94	220,000.00	22,939.06	220,000.00	22,939.06
Total	274,953.21	115,787.00		413,033.29	516,061.00		229,000.00	20,264.55
Total Capital Budget less CIAC							691,930.00	278,896.71

* Note

	Line Crew		107.25	Consultants			
	Direct Labor	Materials	Labor	Contractors	Transportation	Benefits	Total
January	1,196.50	60.00	1,200.00	0.00	775.28	1,107.37	4,339.15
February	692.40	2,192.47	1,500.00	0.00	534.46	529.70	5,449.03
March	1,717.07	60.00	2,000.00	0.00	1,049.81	1,150.19	5,977.07
April	18,457.94	3,279.74	22,000.00	0.00	8,131.73	9,854.61	61,724.02
May	15,911.13	17,958.76	20,000.00	0.00	9,564.58	10,850.16	74,284.63
June	18,998.45	19,053.32	31,000.00	0.00	8,709.26	10,711.76	88,472.79
July	21,470.46	49,686.41	35,699.47	0.00	8,324.69	16,343.53	131,524.56
August							0.00
September							0.00
October							0.00
November							0.00
December							0.00
	78,443.95	92,290.70	113,399.47	0.00	37,089.81	50,547.32	371,771.25

* 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

Budget Year: 2019

	2018	Budget year	Actual							Forecasted				
		Jan - Dec	January	February	March	April	May	June	July	August	September	October	November	December
Patronage Capital or Margins	\$0	\$723,035	\$61,097	\$128,143	\$2,671	(\$698)	\$11,211	(\$2,152)	\$11,504	\$1,309	\$41,149	\$17,627	\$99,710	\$254,342
Plus Depreciation Expense	\$0	\$391,571	\$32,521	\$32,535	\$32,691	\$32,787	\$32,857	\$29,809	\$30,207	\$32,785	\$32,785	\$32,785	\$32,785	\$32,785
Less Capital Credit Allocations	\$0	\$0	(\$3,435)	(\$1,702)	\$1,384	\$7	(\$258)	(\$933)	\$4,332	\$0	\$0	\$0	\$0	\$0
Plus FAS 158 Amortization	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total (Funds From Operations)	\$0	\$1,114,606	\$90,183	\$158,976	\$36,746	\$32,096	\$43,810	\$26,725	\$46,044	\$34,094	\$73,934	\$50,412	\$132,495	\$287,127
Cash Construction Funds - Trustee	\$0	\$0												
Special Deposit	\$0	(\$89,275)	(\$7,862)	(\$7,333)	(\$8,146)	(\$7,408)	(\$7,604)	(\$7,604)	(\$7,937)	(\$7,604)	(\$7,111)	(\$7,111)	(\$7,111)	(\$7,111)
Temporary Investment	\$0	\$0												
Accounts Receivable - Sale of Energy (Net)	\$0	(\$88,132)	(\$103,691)	(\$57,136)	\$139,128	\$221,224	\$1,832	\$11,945	\$15,847	(\$6,131)	(\$6,131)	(\$6,131)	(\$6,131)	(\$6,131)
Accounts Receivable - Other (Net)	\$0	\$89,275	\$7,991	\$7,333	\$13,924	\$7,408	\$7,604	\$13,439	(\$132,063)	\$7,604	\$7,111	\$7,111	\$7,111	\$7,111
Regulatory Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Debits	\$0	\$0	\$0	\$0	\$0	\$0	(\$401)	\$206	\$195	\$0	\$0	\$0	\$0	\$0
Prepayments	\$0	\$0	(\$54,513)	\$4,955	\$4,956	\$4,956	\$4,956	\$4,956	\$4,956	\$0	\$0	\$0	\$0	\$0
Other Current & Accrued Asset	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(Increase)/Decrease in Operating Assets	\$0	\$1,026,474	(\$67,892)	\$106,795	\$186,608	\$258,276	\$50,196	\$49,666	(\$72,959)	\$27,963	\$67,803	\$44,281	\$126,363	\$280,995
Notes Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accounts Payable	\$0	\$0	\$135,626	\$104,102	(\$108,304)	(\$140,749)	\$3,086	\$155,462	\$31,445	\$0	\$0	\$0	\$0	\$0
Accumulated Operating Provisions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Regulatory Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Deferred Credits	\$0	\$0	(\$53,905)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current and Accrued Liabilities	\$0	\$0	\$51,791	\$35,845	(\$19,828)	(\$18,639)	\$22,814	(\$15,157)	\$5,584	\$0	\$0	\$0	\$0	\$0
Increase/(Decrease) in Operating Liabilities	\$0	\$0	\$133,513	\$139,947	(\$128,132)	(\$159,388)	\$25,900	\$140,305	\$37,029	\$0	\$0	\$0	\$0	\$0
CASH FROM OPERATING ACTIVITIES	\$0	\$1,026,474	\$65,621	\$246,742	\$58,476	\$98,888	\$76,096	\$189,971	(\$35,930)	\$27,963	\$67,803	\$44,281	\$126,363	\$280,995
INVESTMENT ACTIVITIES														
Total Utility Plant	\$0	(\$1,233,860)	(\$221,241)	(\$6,978)	(\$67,672)	(\$56,248)	\$934	(\$190,163)	\$152,859	(\$112,848)	(\$112,848)	(\$112,848)	(\$112,848)	(\$112,848)
Cost to Retire Utility Plant	\$0	\$0	(\$984)	(\$46,715)	\$6,821	\$7,217	\$5,604	\$3,009	(\$137,436)	\$7,238	\$7,238	\$7,238	\$7,238	\$7,238
Construction Work-in-Progress	\$0	\$174,000	\$188,906	\$99,244	(\$5,414)	(\$56,801)	(\$77,128)	(\$86,494)	(\$130,101)	\$0	\$0	\$0	\$0	\$0
Contributions in aid of construction (CIAC)	\$0	\$340,000	(\$2,742)	\$3,173	\$12,128	\$35,705	\$34,075	\$50,872	\$56,030	\$48,350	\$40,000	\$40,000	\$30,000	\$10,000
Total Other Property and Investments	\$0	\$0	\$264	\$2,201	(\$1,742)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Materials & Supplies - Electric and Other	\$0	\$0	(\$9,669)	(\$19,383)	\$149	(\$81)	(\$36,153)	\$8,074	\$9,126	\$0	\$0	\$0	\$0	\$0
Notes Receivable (Net)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CASH FROM INVESTMENT ACTIVITIES	\$0	(\$719,860)	(\$45,466)	\$31,540	(\$55,730)	(\$70,208)	(\$72,668)	(\$214,701)	(\$49,523)	(\$57,261)	(\$65,611)	(\$65,611)	(\$75,611)	(\$95,611)
FINANCING ACTIVITIES														
Margins & Equities	\$0	(\$300,000)							\$0	(\$46,000)				(\$250,000)
LT Debt - Additional Debt		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LT Debt - Debt Service Payment		(\$125,567)	\$0	\$0	(\$30,678)	\$0	\$0	(\$31,149)	\$0	\$0	(\$31,627)	\$0	\$0	(\$32,113)
LT Debt - Other		\$0												
Total LT Debt	\$0	(\$125,567)	\$0	\$0	(\$30,678)	\$0	\$0	(\$31,149)	\$0	\$0	(\$31,627)	\$0	\$0	(\$32,113)
LT Debt - Payments Unapplied	\$0	\$0	\$0	\$0						(\$46,000)				
LT Debt - Current maturities	\$0	\$0	\$0	\$0										
Consumer Membership	\$0	\$0	\$5	(\$30)	\$5	\$30	\$30	\$40	\$5	\$0	\$0	\$0	\$0	\$0
Consumers Deposits	\$0	\$0	\$1,100	(\$2,450)	\$500	(\$150)	\$2,050	\$1,650	\$355	\$0	\$0	\$0	\$0	\$0
CASH FROM FINANCING ACTIVITIES	\$0	(\$425,567)	\$1,105	(\$2,481)	(\$30,173)	(\$120)	\$2,080	(\$29,459)	\$360	(\$46,000)	(\$31,627)	\$0	\$0	(\$282,113)
CASH FROM ALL ACTIVITIES	\$0	(\$118,953)	\$21,260	\$275,801	(\$27,427)	\$28,560	\$5,508	(\$54,189)	(\$85,092)	(\$75,298)	(\$29,435)	(\$21,330)	\$50,753	(\$96,728)
TOTAL CASH BEGINNING OF PERIOD	\$570,393	\$650,516	\$650,516	\$671,776	\$947,577	\$920,150	\$948,711	\$954,219	\$900,030	\$814,938	\$739,640	\$710,205	\$688,875	\$739,627
TOTAL CASH END OF PERIOD	\$570,393	\$531,563	\$671,776	\$947,577	\$920,150	\$948,711	\$954,219	\$900,030	\$814,938	\$739,640	\$710,205	\$688,875	\$739,627	\$642,899

General Manager's Report to the Board – August 2019

General Discussion:

- The “all-in” BPA rate increase for OCEC is 3.82%. This includes the proposed 1.5% surcharge for building up cash reserves for BPA. We have relayed this information to the COSA consultant for the final COSA study. This increase will start in October 2019.

- At the August board meeting, staff is proposing two additional capital budget projects for the Board's consideration. We are not proposing to change the budget, but to get authorization to do these projects. These are as follows:
 - Engage a consultant (Cooperative Solutions) that specializes and has a long track record with working with electric cooperatives on planning the layout of co-op HQ facilities. Our specific need is to analyze:
 - How best to utilize the house and land we are getting possession of
 - Options of how to get an office for the propane manager
 - Best options for replacement of the old shed where we park the propane trucks
 - Can we accommodate an additional bulk propane tank in the yard
 - Employee parking
 - Additional land for solar facilities

Actual dollars may not be spent this year, but we want to start the process. A more detailed description is in the Board package.

- One of our goals is to develop and test one or more ideas or methods for more quickly identifying and locating larger system outages. Staff has selected an Alcara device to test. The cost of initial deployment is \$31,000. This gives us coverage of status of the four circuits out of Winthrop. Eventually we would have devices along all the circuits so we can see when major parts of the line are out. As specific monies were not budgeted for this project, staff is asking for approval of these funds.

Financial Discussion

- YTD July 2019 capital expenditure results show that capital expenses are \$103k under budget. This difference (\$103k) is due to a larger amount of CIAC (Customer Contributions for Construction) collected than was budgeted. Disregarding CIAC credits and looking at actual capital expenses, actual YTD July capital expenses are \$602,274 versus budgeted YTD July expenses of \$602,711. This is a \$437 difference.
- We put the new electric service truck “in-service” in the accounting software and because of technical problems with the truck, it is being sent back to the factory. The anticipated actual in-service date will be a couple months in the future. Unfortunately, with our accounting software, we cannot back it out and we are depreciating the truck without it being actually in-service. This is artificially decreasing margins. We plan to adjust this during the audit.
- The Power and Service Data shows an abnormally low line loss of 5.98%. This calculation makes up for the abnormally high line loss on the June Data sheet. The reason for this is that we read the meters for July billing a day earlier because of the transmission outage on June 30th.
- YTD July 2019 results for the O&M budget show an overage of \$121k. The majority of this variance is from “Admin and General (A&G)”. The major factors for the A&G variance are:
 - Timing of certain expenses (COSA, training, etc.)
 - Increase in liability insurance costs that were not reflected in the budget.
- The equity ratio in July 2019 is 69.4%. The equity ratio in June 2018 was 68.3%.

Scope of Services for OCEC HQ Facilities Planning Study

1. **Background** – OCEC is at a point where various factors and trends have come together to warrant a comprehensive look at the current headquarters (HQ) facilities and identify the direction we want to go at the HQ campus over the next five years. Among these factors and trends are:
 - Gaining possession of neighboring property and house
 - Overcrowding of propane office
 - Need for a separate office for the Propane Manager
 - End of the useful life for the old pole barn that is currently used as a truck storage building
 - Possible relocation of a spare propane bulk tank (currently in Brewster) to HQ
 - Possible additional security required for propane bulk facilities
 - Need for additional employee parking outside of the gated area because of IRS imputed income rule changes
 - Identify raw land for possible future expansion of solar facilities
 - Examine changing the vehicle entrance of the recently acquired house to come from Rendezvous Road
 - Additional room needed for IT Tech and file storage

2. **Purpose Statement / Objectives** – Because of the various factors and trends listed above, employing a consultant would be beneficial to provide their experience in leading OCEC through this planning process. Staff has a lot of ideas but a more formal, structured process is needed at this critical juncture. The consultant will provide project consulting services which result in a long-term plan (five-year) for the HQ campus. What the long-term plan provides OCEC is a vision that will guide how we are going to proceed in the near future. What we are striving to avoid is where we proceed in a certain direction and then change direction because of a another need or idea may surface.

As Steven Covey says, “Begin with the end in mind”.

3. **Scope of Work** – The consultant will provide project consulting services which include:
 - Identification of facility goals and priorities
 - Functional assessment of existing buildings
 - Needs assessment – Identify current and future needs
 - Property conditions assessment
 - Develop overall master facility plan
 - Evaluate the option of reconfiguring the current office facilities
 - Evaluate warehouses and vehicle storage buildings
 - Develop options for the adjacent property and determine if these buildings can be used in addressing the needs identified above.
 - Develop new site plan and map

- Conceptual cost opinion of options
- Establish proposed implantation schedule and conceptual costs
- Board Presentation

4. **Selected Consultant** - Cooperative Building Solutions is a facility consultant that offers a complete turnkey solution exclusively for electric cooperatives. They were highly recommended to us by Benton REA. They have performed similar work for over eighty electric cooperatives across the country. All principals have a background with electric cooperatives. They understand how electric cooperatives work. Look at their website for more information on their experience. (Coopbuildingsolutions.com). This is a private company and not associated with any cooperative.

Staff recommends to sole source this project. As a disclaimer, the OCEC GM previously worked with Gary Hobson, the Chairman of Cooperative Building Solutions, on a project when Gary was with the National Rural Electric Cooperative Association (NRECA).

5. **Schedule** – It is estimated that the scope of work can be accomplished in 10 to 12 weeks. Time is not a critical factor in this project. Obtaining a very good long-term plan which will be good for planning over the next five years is much more critical than getting this scope of work done quickly.

6. **Milestones and Deliverables**

- Establish facilities plan development schedule
- Meet with staff on:
 - Identifications of facility goals and priorities
 - Needs assessment – Identify current and future needs
- Examine property for the following:
 - Assessing property conditions
 - Functional assessment of existing buildings
 - Evaluate warehouse and vehicle storage buildings
 - Examine recently acquired building and property
- Develop overall master facility plan
 - Evaluate the option of reconfiguring the current office facilities
 - Develop options for the adjacent property and determine if these buildings can be used in addressing the needs identified above.
 - Develop new site plan
 - Conceptual cost opinion
 - Work with staff to develop proposed buildout schedule
- Presentation to the OCEC Board

7. **OCEC Project Lead** – Glen Huber

8. **Fee** – Cooperative Building Solutions proposes a fee of the range of \$41,000 to \$46,000 plus travel expenses. We propose approval of \$50,000 for this project.

9. **Board's Role in Project** - The Board's role in this project is to approve the use of a consultant and approve funding of such. The Board will also be asked to approve the final plan and any, if any, subsequent funding requirements in future budgets.
10. **Acceptance** – Upon completion, Staff will perform final sign-off and acceptance of the plan. The parties will communicate about the progress of the project through-out the development timeline so that there are no surprises at the end.