

**1:30 PM – Governance Committee**

**BOARD OF DIRECTORS MEETING**  
**December 16, 2019 at 3:00 PM**



**AGENDA**

1. Meeting Called to Order
2. Determination of Quorum
3. Approval of Agenda
4. Administration of Oath for New Board Member
5. Member Communications
6. Approval of Consent Agenda (**Tab 2**)
  - a) Minutes from November 22, 2019
  - b) New Members
  - c) November 2019 – Form 7
  - d) Statement of Operations
  - e) Power & Service Data
  - f) Capital Expenditures by Project
  - g) Cash Flow
7. Committee Reports
  - a) Governance Committee
8. Meetings Attended
  - a) PNGC Monthly Meeting - Portland, OR, December 3<sup>rd</sup> – David
  - b) WRECA Quarterly Meeting – December 9<sup>th</sup> and 10<sup>th</sup> – SeaTac – David
9. Meetings to Attend
  - a) PNGC January Meeting – January 3<sup>rd</sup> - Portland – David by Conference Call

- b) OCEC/OCEI Christmas Party – January XX Staff and Board
- c) Annual Audit Review – January 17<sup>th</sup> – OCEC Board and Staff – Time TBD

10. General Managers Report (Tab 3)

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

**ITEMS OF BUSINESS**

- 1) Update - 2020 Commercial Insurance
- 2) Approve - Annual Meeting Date of April 20<sup>th</sup>
- 3) Approve – 2019 Electric Payment Write-offs

**OPEN FLOOR FOR BOARD MEMBERS**

**EXECUTIVE SESSION**

- 1) Union Negotiations Update
- 2) Operations Update
- 3) Litigation Update



BOARD MEETING  
November 22, 2019

Present: Dale Sekijima (Board Chair), Ray Peterson, Sara Carlberg, John Kirner, Michael Murray and Alan Watson.

Attending: David Gottula; General Manager, Lynn Northcott; CFO, Glenn Huber; Operations Manager, Tracy McCabe; OCEI Manager, and Jessica Dewbrey; Office Staff.

Members in Attendance: Kristen Kirkby.

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 3:02 pm.

2. DETERMINATION OF QUORUM

A quorum was present.

3. APPROVAL OF AGENDA

Agenda approved by Board consensus.

4. MEMBER COMMUNICATIONS

None.

5. APPROVAL OF CONSENT AGENDA ITEMS

October minutes changes: Sara made the correction to the Irrigation Rate subsidy noted from 21.9% to 23.9%. Also, addition of "the motion passed" be added to the Capital Credit Retirement motion.

Consent Agenda approved by Board Consensus.

## 6. COMMITTEE REPORT

Governance Committee:

Michael reported the committee met to discuss the candidate for the board opening and the committee is in the process of developing David's 2020 goals but are not ready to discuss.

## 7. MEETINGS ATTENDED

- a) PNGC Monthly Meeting – Portland OR – Nov. 4<sup>th</sup> & 5<sup>th</sup> – David via conference call

David reported that UEC wants to leave PNGC by the end of this fiscal year (September 30, 2020). Staff at PNGC is negotiating with UEC and both parties are working to finalize and agree to key points of the separation agreement by December 2019. If an agreement of key points cannot be obtained by December 31, the issue will be dropped. Sara asked about recruitment of new members, David noted there has been talk with co-op's in Montana.

- b) CFC IBES Conference/CFC Compass Financial Training Model – Nov. 11<sup>th</sup> – 13<sup>th</sup> – Huntington Beach, CA – David

David reported the CFC Financial model training was very good. He has now completed the Financial Training Model and it is at CFC now for review. He was also able to talk with the CEO of Federated about OCEC's fire mitigation plans.

- c) Washington State Electric Utilities Wildland Fire Task Force Meeting – Nov 15<sup>th</sup> – Olympia – David

David reported that the task force is working on a model agreement for Danger Trees near power lines on DNR property. They are working with DNR to develop a roster of qualified 3<sup>rd</sup> party expert investigators for use by DNR in wildfires investigations where electric lines are involved. David is representing all Washington State electric cooperatives on this task force. The next meeting is in February.

David is also following the development of federal regulations concerning on danger trees on Forest Service land. NRECA is taking the lead on this issue.

## 8. MEETINGS TO ATTEND

- a. PNGC December Board Meeting – Dec. 3<sup>rd</sup> & 4<sup>th</sup> – Portland – David
- b. WRECA Quarterly Board Meeting – Dec. 10<sup>th</sup> – SeaTac – David

David reported that Inland Power will be joining WRECA again in January 2020.

## 9. GENERAL MANAGERS REPORT

Written report reviewed.

Alan asked for clarification on the cost of PNGC membership. A PNGC membership cost discussion followed.

David noted that the end of this month will mark 6 months with no system wide outages since the second transmission line project was completed. Also, he is beginning work on the 2020 capital budget.

### a) Office Update

Lynn reported OCEC office will be closed next Thursday and Friday for Thanksgiving. A tentative date of January 3<sup>rd</sup> has been selected for the employee and Board holiday party.

### b) Operations Update

Glenn reported they are working on closing out open work orders. The crew is finishing up capital work on the Stud Horse project for the season. The new truck was received today and will be put into service soon. Glenn received the new line sensors. He brought one into the meeting and gave a quick overview of how they operate. OCEC will be an official drop off location for Neighbors Helping Neighbors, this is one of the employee goals this year.

### c) OCEI Propane Update

Tracy reported they are very busy and are trying to hold the service schedule to no more than two weeks out. She noted that the Canadian rail workers are on strike and

although she is not purchasing rail fuel, the strike will affect OCEI fuel prices. She is also working with Mark on the new OCEI website it is approximately 75% complete and she will notify the board when it is up and available for review.

#### ITEMS OF BUSINESS

##### 1. 2020 Commercial Insurance Update

David reported they have received a bid from Hurtado who currently is our insurance broker, as well as a competing bid from Federated for electric only. He is expecting a bid for propane soon. David, Lynn & Tracy will work with Duncan Bronson to review the bids and choose the best option. Sara asked if the board needed to approve that in December, David responded no, he will report the results in December.

##### 2. Board Position Opening

Michael reported that they interviewed a few different candidates earlier today and decided to select Travis Thornton for the open position. Michael will follow up with Travis on the requirements of oath, confidentiality and conflicts of interest before he accepts. Michael will also follow up with all the other candidates to encourage them to stay engaged and run in April.

Michael made a motion to fill the board vacancy with Travis Thornton. Seconded. Motion passed.

#### OPEN FLOOR FOR BOARD MEMBERS

No comments.

Meeting adjourned to Executive Session at 3:35 pm.

#### EXECUTIVE SESSION

1. Litigation Update
2. Operations Issue

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Alan Watson, Secretary



<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>	11/30/2019

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.	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <div style="border: 1px solid black; border-radius: 50%; width: 20px; height: 20px; background-color: red; margin: 5px; display: flex; align-items: center; justify-content: center;">8</div> <div style="margin: 5px;">Needs Attention</div> </div> <div style="margin-right: 10px;"> <div style="border: 1px solid black; border-radius: 50%; width: 20px; height: 20px; background-color: yellow; margin: 5px; display: flex; align-items: center; justify-content: center;">6</div> <div style="margin: 5px;">Please Review</div> </div> <div> <div style="border: 1px solid black; border-radius: 50%; width: 20px; height: 20px; background-color: green; margin: 5px; display: flex; align-items: center; justify-content: center;">4</div> <div style="margin: 5px;">Matches</div> </div> </div>	<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> <div style="text-align: right; margin-top: 10px;"> <input checked="" type="radio"/> YES    <input type="radio"/> NO         </div>	
Signature of Office Manager or Accountant <span style="float: right;">Date</span> <i>[Signature]</i> <span style="float: right;">12/12/19</span>			<b>B. Will you authorize CFC to share your data with other cooperatives?</b> <div style="text-align: right; margin-top: 10px;"> <input type="radio"/> YES    <input type="radio"/> NO         </div>
Signature of Manager <span style="float: right;">Date</span> <i>[Signature]</i> <span style="float: right;">12/11/19</span>			

**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	5,033,001	5,325,818	5,188,859	571,009
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	2,375,302	2,567,598	2,534,008	200,013
4. Transmission Expense	0	0	0	0
5. Regional Market Operations Expense	0	0	0	0
6. Distribution Expense - Operation	80,820	94,859	84,553	4,752
7. Distribution Expense - Maintenance	500,527	573,216	540,788	21,416
8. Consumer Accounts Expense	267,409	272,106	279,033	25,341
9. Customer Service and Informational Expense	5,272	4,976	3,430	594
10. Sales Expense	6,520	(2,359)	(2,988)	(7,592)
11. Administrative and General Expense	538,443	679,940	613,703	48,184
<b>12. Total Operation &amp; Maintenance Expense (2 thru 11)</b>	<b>3,774,293</b>	<b>4,190,336</b>	<b>4,052,527</b>	<b>292,707</b>
13. Depreciation & Amortization Expense	345,034	344,804	358,788	30,873
14. Tax Expense - Property & Gross Receipts	41,289	41,427	37,902	3,766
15. Tax Expense - Other	157,326	165,110	161,284	18,938
16. Interest on Long-Term Debt	185,455	178,618	178,361	16,116
17. Interest Charged to Construction (Credit)	0	0	0	430
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>4,503,397</b>	<b>4,920,295</b>	<b>4,788,862</b>	<b>362,829</b>
<b>21. Patronage Capital &amp; Operating Margins (1 minus 20)</b>	<b>529,604</b>	<b>405,523</b>	<b>399,998</b>	<b>208,180</b>
22. Non Operating Margins - Interest	19,373	22,862	22,195	290
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	27,132	22,143	30,000	0
25. Non Operating Margins - Other	16,500	18,650	16,500	2,900
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>592,609</b>	<b>469,177</b>	<b>468,693</b>	<b>211,370</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	54	60	5. Miles Transmission	0	0
2. Services Retired	5	7	6. Miles Distribution Overhead	302	303
3. Total Services In Place	3,781	3,835	7. Miles Distribution Underground	212	221
4. Idle Services (Exclude Seasonal)	101	98	<b>8. Total Miles Energized (5+6+7)</b>	<b>514</b>	<b>524</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>	11/30/2019

PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	14,285,638	29. Memberships	16,395
2. Construction Work in Progress	366,223	30. Patronage Capital	8,023,421
<b>3. Total Utility Plant (1+2)</b>	<b>14,651,862</b>	31. Operating Margins - Prior Years	834,473
4. Accum. Provision for Depreciation and Amort	4,920,922	32. Operating Margins - Current Year	450,527
<b>5. Net Utility Plant (3-4)</b>	<b>9,730,940</b>	33. Non-Operating Margins	18,650
6. Nonutility Property - Net	0	34. Other Margins & Equities	458,078
7. Investment in Subsidiary Companies	827,067	<b>35. Total Margins &amp; Equities (29 thru 34)</b>	<b>9,801,543</b>
8. Invest. in Assoc. Org. - Patronage Capital	363,731	36. Long-Term Debt CFC (Net)	0
9. Invest. in Assoc. Org. - Other - General Funds	0	37. Long-Term Debt - Other (Net)	3,273,771
10. Invest in Assoc. Org. - Other - Nongeneral Funds	144,438	<b>38. Total Long-Term Debt (36 + 37)</b>	<b>3,273,771</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>1,348,737</b>	42. Notes Payable	0
15. Cash-General Funds	581,647	43. Accounts Payable	337,698
16. Cash-Construction Funds-Trustee	0	44. Consumers Deposits	159,660
17. Special Deposits	145,263	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	594,766	48. Other Current & Accrued Liabilities	205,384
21. Accounts Receivable - Net Other	933,420	<b>49. Total Current &amp; Accrued Liabilities (42 thru 48)</b>	<b>702,742</b>
22. Renewable Energy Credits	0	50. Deferred Credits	0
23. Materials & Supplies - Electric and Other	298,901	<b>51. Total Liabilities &amp; Other Credits (35+38+41+49+50)</b>	<b>13,778,056</b>
24. Prepayments	4,956	<b>ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION</b>	
25. Other Current & Accrued Assets	966	Balance Beginning of Year	0
<b>26. Total Current &amp; Accrued Assets (15 thru 25)</b>	<b>2,698,379</b>	Amounts Received This Year (Net)	353,047
27. Deferred Debits	0	<b>TOTAL Contributions-In-Aid-Of-Construction</b>	<b>353,047</b>
<b>28. Total Assets &amp; Other Debits (5+14+26+27)</b>	<b>13,778,056</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**

November 30, 2019

	<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	\$5,891,986	\$5,188,859	\$5,325,818	\$543,548	\$571,009
COST OF POWER	\$2,831,793	\$2,534,008	\$2,567,598	\$251,254	\$200,013
<b>GROSS MARGINS</b>	\$3,060,193	\$2,654,851	\$2,758,220	\$292,294	\$370,996
<b>OPERATING EXPENSES:</b>					
DISTRIBUTION OPERATIONS	\$93,080	\$84,553	\$94,859	\$10,465	\$4,752
DISTRIBUTION MAINTENANCE	\$593,844	\$540,788	\$573,216	\$27,005	\$21,416
CONSUMER ACCOUNTING	\$305,739	\$279,033	\$272,106	\$24,960	\$25,341
CONSUMER SERVICE & INFO	\$3,687	\$3,430	\$4,976	\$257	\$594
SALES EXPENSE	-\$2,988	-\$2,988	-\$2,359	\$0	-\$7,592
ADMIN & GENERAL	\$631,819	\$613,703	\$679,940	\$65,595	\$48,184
<i>TOTAL OPERATING EXPENSES</i>	\$1,625,181	\$1,518,519	\$1,622,738	\$128,282	\$92,694
<b>FIXED EXPENSES:</b>					
DEPRECIATION	\$391,573	\$358,788	\$344,804	\$32,785	\$30,873
TAXES-PROPERTY	\$41,344	\$37,902	\$41,427	\$3,442	\$3,766
TAXES-OTHER	\$175,255	\$161,284	\$165,110	\$13,971	\$18,938
INTEREST	\$194,329	\$178,361	\$178,618	\$15,968	\$16,116
OTHER DEDUCTIONS	\$0	\$0	\$0	\$0	\$430
<i>TOTAL FIXED EXPENSES</i>	\$802,502	\$736,335	\$729,959	\$66,167	\$70,123
<b>TOTAL EXPENSES</b>	\$2,427,682	\$2,254,854	\$2,352,697	\$194,448	\$162,816
<b>OPERATING MARGINS</b>	\$632,511	\$399,998	\$405,523	\$97,846	\$208,180
<b>NONOPERATING MARGINS:</b>					
INTEREST	\$72,523	\$21,831	\$22,862	\$364	\$290
OTHER	\$18,000	\$45,000	\$40,793	\$1,500	\$2,900
<b>NET MARGINS</b>	\$723,034	\$466,829	\$469,177	\$99,710	\$211,370
<b>T.I.E.R.</b>	4.72	3.62	3.63	7.24	14.12

OKANOGAN COUNTY ELECTRIC COOPERATIVE, INC.

**POWER & SERVICE DATA**

**November-19**

	August 2019	September 2019	October 2019	November 2019	November 2018
<b>POWER DATA:</b>					
COST OF POWER	\$179,182	\$185,532	\$255,924	\$200,013	\$172,451
KWH PURCHASED	4,066,370	3,504,995	5,146,360	6,589,070	6,025,725
KWH SOLD & OCEC USE	3,729,235	3,165,203	4,782,885	6,155,319	5,625,132
KWH LOST	337,135	339,792	363,475	433,751	400,593
LINE LOSS %	8.29%	9.69%	7.06%	6.58%	6.65%
COST PER KWH	\$0.0441	\$0.0529	\$0.0497	\$0.0304	\$0.0286
<b>BILLING DATA:</b>					
ACCOUNTS BILLED	3,816	3,823	3,807	3,651	3,588
AVG. KWH/CONSUMER	977	828	1,256	1,686	1,568
BILLING REVENUE	\$395,642	\$363,237	\$472,001	\$568,869	\$527,697
AVERAGE BILL	\$103.68	\$95.01	\$123.98	\$155.81	\$147.07
REVENUE/KWH SOLD	\$0.1061	\$0.1148	\$0.0987	\$0.0924	\$0.0938
<b>SERVICE DATA:</b>					
NEW	6	5	5	12	2
RETIRED	0	0	0	1	0
TOTAL END OF MONTH	3814	3819	3824	3835	3781
IDLE SERVICES	99	98	98	98	101
<b>TRANSPORTATION:</b>					
TOTAL MILES	7,382	7,322	7,967	5,088	5,446
COST OF OPERATION	\$7,761	\$13,223	\$18,098	\$12,514	\$19,680
AVG. COST PER MILE	\$1.051	\$1.806	\$2.272	\$2.459	\$3.614
<b>MATERIALS:</b>					
ISSUES	\$18,680	\$11,450	\$21,667	\$4,936	\$10,407
INVENTORY	\$262,683	\$262,051	\$264,477	\$298,901	\$306,812

Okanogan County Electric Cooperative Inc  
 Capital Expenditures by Project  
 Nov-19

	Current Month			Year to Date			Annual Budget	Annual Balance
	Actual	Budget	Variance	Actual	Budget	Variance		
Member Requested Facilities	44,867.69	33,532.00	(11,335.69)	273,268.99	277,678.00	4,409.01	288,855.00	15,586.01
Replacements (Poles & Transformers)	35,056.02	3,511.00	(31,545.02)	223,704.35	57,968.00	(165,736.35)	65,925.00	(157,779.35)
Misc URD/OH Replacement Projects	11,408.66	10,584.00	(824.66)	51,641.14	72,685.00	21,043.86	72,685.00	21,043.86
Replace 2500' of URD at Stud Horse - Part 2	16,129.23	0.00	(16,129.23)	16,421.19	56,608.00	40,186.81	56,609.00	40,187.81
Replace 2500' of URD at Edelweiss - Part 2	785.41	12,322.00	11,536.59	50,757.29	123,218.00	72,460.71	123,217.00	72,459.71
Mazama Upgrade (first of multiple phases)	0.00	25,325.00	25,325.00	55,348.35	51,149.00	(4,199.35)	51,897.00	(3,451.35)
Complete URD loop at Sky Ranch	0.00	0.00	0.00	20,412.49	37,740.00	17,327.51	37,739.00	17,326.51
Cordination Study - Part 1 of 2	0.00	10,000.00	10,000.00	0.00	15,000.00	15,000.00	15,000.00	15,000.00
Major Storm Damage	0.00	0.00	0.00	4,625.60	16,265.00	11,639.40	16,264.00	11,638.40
Raise level of Garage Door to match others	0.00	0.00	0.00	✓ 10,161.71	10,000.00	(161.71)	10,000.00	(161.71)
Pole Inspections	0.00	0.00	0.00	17,929.03	10,000.00	(7,929.03)	10,000.00	(7,929.03)
Fire Retardant/Treatment on Poles	0.00	0.00	0.00	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	13,103.68	0.00	(13,103.68)	0.00	10,000.00	10,000.00	10,000.00	10,000.00
subtotal	121,350.69	95,274.00	(26,076.69)	758,285.63	783,050.00	24,764.37	802,930.00	44,644.37
Un Allocated Overhead	4,214.63			4,214.63	0.00	(4,214.63)		
<b>Member CIAC</b>	CIAC (27,970.03)	(30,000.00)	2,029.97	(381,017.03)	(330,000.00)	(51,017.03)	(340,000.00)	41,017.03
Total less CIAC	97,595.29			381,483.23			462,930.00	
* \$24,274.00 holding in CIAC 11/30/19								
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	0.00	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	183,967.87	130,000.00	(53,967.87)	130,000.00	(53,967.87)
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	0.00	0.00	0.00	29,838.34	220,000.00	190,161.66	220,000.00	190,161.66
Sensors	27,050.00	0.00	(27,050.00)	27,050.00	0.00	(27,050.00)	0.00	(27,050.00)
Total	120,430.66	65,274.00		463,987.15	682,050.00		229,000.00	169,331.45
Total Capital Budget less CIAC							691,930.00	254,992.85

\* 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	18,953.79	10,877.44	30,000.00	0.00	3,962.22	11,767.69	75,561.14
September	20,024.10	32,587.10	30,000.00	0.00	6,804.77	13,348.84	102,764.81
October	21,277.22	18,413.10	21,390.17	0.00	5,956.15	10,954.77	77,991.41
November	21,284.54	26,432.60	30,210.96	0.00	11,210.81	19,108.10	108,247.01
December	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	159,983.60	180,600.94	225,000.60	0.00	65,023.76	105,726.72	736,335.62

\* 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

Okanogan County Electric Cooperative Inc  
Budget Year: 2019

	Budget year						Actual						Forecasted	
	2018	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	\$22,200	\$16,481	\$7,350	\$211,370	\$254,342
Plus Depreciation Expense	\$0	\$391,571	\$32,521	\$32,535	\$32,691	\$32,787	\$32,857	\$29,809	\$30,207	\$29,843	\$30,046	\$30,633	\$30,873	\$32,785
Less Capital Credit Allocations	\$0	\$0	(\$3,435)	(\$1,702)	\$1,384	\$7	(\$258)	(\$933)	\$4,332	(\$41,593)	(\$1,401)	(\$1,930)	\$2,997	\$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	\$10,450	\$45,126	\$36,053	\$245,240	\$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)	(\$6,967)	(\$7,075)	(\$37,387)	(\$6,270)	(\$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	(\$4,465)	\$30,840	(\$74,805)	(\$160,490)	(\$6,131)
Accounts Receivable - Other (Net)	\$0	\$89,275	\$7,991	\$7,333	\$13,924	\$7,408	\$7,604	\$13,439	(\$132,063)	\$6,967	\$12,966	\$36,387	\$6,366	\$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	(\$1,189)	(\$3,855)	\$5,044	\$0
Prepayments	\$0	\$0	(\$54,513)	\$4,955	\$4,956	\$4,956	\$4,956	\$4,956	\$4,956	\$4,956	\$4,956	\$4,956	\$4,956	\$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)	\$10,941	\$85,624	(\$38,651)	\$94,846	\$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	(\$203,919)	\$232	\$83,462	(\$70,474)	\$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	\$21,618	(\$30,210)	(\$84,438)	\$53,382	\$0
Increase/(Decrease) in Operating Liabilities	\$0	\$0	\$133,513	\$139,947	(\$128,132)	(\$159,388)	\$25,900	\$140,305	\$37,029	(\$182,301)	(\$29,978)	(\$976)	(\$17,092)	\$0
CASH FROM OPERATING ACTIVITIES	\$0	\$1,026,474	\$65,621	\$246,742	\$58,476	\$98,888	\$76,096	\$189,971	(\$35,930)	(\$171,360)	\$55,646	(\$39,627)	\$77,753	\$280,995
INVESTMENT ACTIVITIES														
Total Utility Plant	\$0	(\$1,233,860)	(\$221,241)	(\$6,978)	(\$67,672)	(\$56,248)	\$934	(\$190,163)	\$152,859	\$183,617	(\$63,602)	(\$127,563)	(\$28,546)	(\$310,091)
Cost to Retire Utility Plant	\$0	\$0	(\$984)	(\$46,715)	\$6,821	\$7,217	\$5,604	\$3,009	(\$137,436)	(\$22,389)	\$2,320	\$2,485	(\$7,118)	\$7,238
Construction Work-in-Progress	\$0	\$174,000	\$188,906	\$99,244	(\$5,414)	(\$56,801)	(\$77,128)	(\$86,494)	(\$130,101)	(\$28,933)	(\$62,649)	\$3,911	(\$102,930)	\$0
Contributions in aid of construction (CIAC)	\$0	\$340,000	(\$2,742)	\$3,173	\$12,128	\$35,705	\$34,075	\$50,872	\$56,030	\$75,442	\$52,491	\$35,872	\$27,970	\$10,000
Total Other Property and Investments	\$0	\$0	\$264	\$2,201	(\$1,742)	\$0	\$0	\$0	\$0	\$0	(\$11,115)	\$0	\$0	\$0
Materials & Supplies - Electric and Other	\$0	\$0	(\$9,669)	(\$19,383)	\$149	(\$81)	(\$36,153)	\$8,074	\$9,126	(\$21,022)	\$632	(\$2,426)	(\$34,424)	\$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)	\$186,715	(\$81,923)	(\$87,721)	(\$145,049)	(\$292,853)
FINANCING ACTIVITIES														
Margins & Equities	\$0	(\$300,000)								\$0	\$0			(\$323,031)
LT Debt - Additional Debt		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$325,000
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						\$0				
LT Debt - Current maturities	\$0	\$0	\$0	\$0										
Consumer Membership	\$0	\$0	\$5	(\$30)	\$5	\$30	\$30	\$40	\$5	\$80	\$15	\$0	\$10	\$0
Consumers Deposits	\$0	\$0	\$1,100	(\$2,450)	\$500	(\$150)	\$2,050	\$1,650	\$355	\$1,500	\$200	\$350	\$1,750	\$0
CASH FROM FINANCING ACTIVITIES	\$0	(\$425,567)	\$1,105	(\$2,481)	(\$30,173)	(\$120)	\$2,080	(\$29,459)	\$360	\$1,580	(\$31,412)	\$350	\$1,760	(\$30,144)
CASH FROM ALL ACTIVITIES	\$0	(\$118,953)	\$21,260	\$275,801	(\$27,427)	\$28,560	\$5,508	(\$54,189)	(\$85,092)	\$16,935	(\$57,689)	(\$126,999)	(\$65,535)	(\$42,002)
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	\$831,873	\$774,184	\$647,185	\$581,650
TOTAL CASH END OF PERIOD	\$570,393	\$531,563	\$671,776	\$947,577	\$920,150	\$948,711	\$954,219	\$900,030	\$814,938	\$831,873	\$774,184	\$647,185	\$581,650	\$539,648

## General Manager's Report to the Board – December 2019

### General Discussion:

- I recently participated as part of the Methow Valley Broadband Action Team (MVBAT) on interviews for a consultant to develop the Broadband infrastructure plan for the Valley. MVBAT selected Tilson Tech to develop this plan. Tilson Tech is a very experienced consulting firm that recently completed a similar study in Colorado. Their website is [tilsontech.com](http://tilsontech.com). The Twisp PDA is the government entity in charge of this project and approved this selection. We are currently in contract negotiations with Tilson. Once this plan is completed, we can use it to apply for funding sources for actual broadband infrastructure construction.
- We are in the process of completing the software and hardware installation for the OMS (Outage Management System). We plan to have a demo for the Board at the January Board meeting.

### Financial Discussion:

- YTD November operating margins are roughly \$5,000 over budget. The actual and budgeted numbers are \$405,523 and \$399,998 respectively.
- Gross margins are roughly \$100,000 above budget or 4% over budget. The November power bill includes a \$78,793 credit for demand savings from PNGC. This helped reduce our November power bill.
- O&M expenses are roughly \$100,000 over budget or 4.3%.
- We are borrowing \$325,000 from CFC in December. We had planned to borrow this in 2020 but moved it up because of lower projected cash levels at year-end due to large cash flows out. Also, we wanted to get it in this year's business.
- The equity ratio in November 2019 is 71.1%. The equity ratio in September 2018 was 69.2%.