

## BOARD OF DIRECTORS MEETING

February 24, 2020 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 January 27, 2020
  - b) New Members
  - c) January 2020 – Form 7
  - d) Statement of Operations
  - e) Power & Service Data
  - f) Capital Expenditures by Project
6. Committee Reports
  - a) Governance Committee
  - b) Finance Committee
7. Meetings Attended
  - a) PNGC February Meeting – February 4<sup>th</sup> and 5<sup>th</sup> - Portland – David
  - b) WRECA Board Meeting/Meetings with 7<sup>th</sup> and 12<sup>th</sup> District State Legislators - February 10<sup>th</sup> and 11<sup>th</sup> - Olympia – David
8. Meetings to Attend
  - c) NRECA Annual Conference - March 1<sup>st</sup> - March 5<sup>th</sup> - New Orleans – David
  - d) State of Washington DNR/Electric Utility Fire Task Force – March 5<sup>th</sup> - Olympia – David

e) PNGC March Meeting – March 10<sup>th</sup> and 11<sup>th</sup> -  
Portland – David

9. General Managers Report (Tab 3)

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

**ITEMS OF BUSINESS**

- 1) Review – 2020 Capital Budget **(Tab 4)**
- 2) Action Item – Motion to Revise Election Format **(Tab 5)**
- 3) Discussion – Grant Application for EV
- 4) Update – Nomination Committee
- 5) Form – Revolving Loan Committee

**OPEN FLOOR FOR BOARD MEMBERS**

**EXECUTIVE SESSION**

- 1) Quarterly Subsidiary Update
- 2) Approve – Instructing OCEC's Member Rep to PNGC to Vote for Approval of the Agreement for UEC to Leave PNGC
- 3) Litigation Talking Points Discussion



BOARD MEETING  
January 27, 2020

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

Attending: David Gottula; General Manager, Lynn Northcott; CFO, 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 3:00 pm.

2. DETERMINATION OF QUORUM

A quorum was present.

3. APPROVAL OF AGENDA

2020 GM goals was moved to Board only to Board only discussion in Executive session  
Revised Agenda approved by Board consensus.

4. MEMBER COMMUNICATIONS

None.

5. APPROVAL OF CONSENT AGENDA ITEMS

Consent Agenda approved by Board Consensus.

## 6. COMMITTEE REPORT

Governance Committee:

Michael reported the committee clarified dates and timelines for the Nominating Committee for OCEC's Annual Meeting. The Governance Committee will coordinate with the Nominating Committee and work to find a nominee for the board seat being vacated by Ray Peterson.

Michael noted they are also reviewing older policies and the final revisions on Policy No. 30-410 Line Extensions to be presented at this meeting.

Alan brought up a discussion on OCEC's election procedure and whether it needs to be revised in regards to re-electing Directors who have stepped into a mid-term position.

Audit/Finance Committee:

No report at this time.

## 7. MEETINGS ATTENDED

- a) PNGC January Meeting – January 3<sup>rd</sup> – Portland - David attended by conference call; Dale attended in Portland.

David reported there was discussion of BPA's post 2028 questionnaire sent to utilities. Feedback to BPA included why most surveys were not completed; many felt it was not addressing issues facing utilities and was not relevant to actual needs post 2028. The feedback did help to open communication with BPA.

Audit Committee: The PNGC Board determined that it is good governance for the entire board to have an opportunity to talk to the Auditor without staff present and will make sure this protocol is followed in future audits.

- b) OCEC/OCEI Christmas Party – January 10<sup>th</sup> – Staff & Board
- c) Annual Audit Review – January 17<sup>th</sup> – OCEC Board & Staff

## 8. MEETINGS TO ATTEND

- a. PNGC February Meeting – February 4<sup>th</sup> & 5<sup>th</sup> – Portland - David
- b. WRECA Board Meeting/Meetings with 7<sup>th</sup> & 12<sup>th</sup> District State Legislators – February 10<sup>th</sup> & 11<sup>th</sup> – Olympia – David

David noted he will be attending the Legislative visits with Nespelem.

A discussion was held on how OCEC determines what positions it may or may not support on legislative policies with WRECA.

- c. State of Washington DNR/Electric Utility Fire Task Force – February 12<sup>th</sup> – Olympia - David

David feels like this is the most important item to complete in 2020. He is a member of a task force that is working with DNR to establish rules and regulations in bringing an outside expert entity to perform independent investigations into the cause of wildfires where electric lines are involved. Washington State Legislation has determined the process must be completed by December of 2020.

## 9. GENERAL MANAGERS REPORT

Written report reviewed. David added that he and Tracy McCabe will be attending a Low Income/Energy Assistance Planning Seminar conference call at 10:30AM tomorrow morning. OCEC will be required by state law to develop a program in the upcoming years.

### a) Office Update

Lynn Northcott reported Winthrop Ice & Sports Rink paid off their loan from OCEC's Revolving Loan Fund (RLF), which means there is money available.

Lynn would like to start advertising in March and have the funds released by the end April. OCEC advertises in the local paper, OCEC website and OCEC newsletter.

### b) Operations Update

Glenn reported:

- Right of Way clearing and Line Inspections are ongoing.
- Inventory and warehouse re-organizing is being looked at with the goal of streamlining processes and being more efficient.

- Purchasing will increase in preparation for the 2020 building season.

c) OCEI Propane Update

Tracy reported business as usual.

ITEMS OF BUSINESS

1. Update – 2020 Commercial Insurance Update

David reported that OCEC has obtained insurance through Federated Insurance for our 2020 insurance needs. Okanogan Count Energy Inc has insurance through Alliant Insurance.

2. Approve – 2020 Board Meeting Dates

Alan Watson moved to accept the 2020 Board Meeting Dates as presented. Second. Motion passed.

3. Approve – Nomination Committee

Michael Murray named Duncan Bronson, Julie Muyllaert, JoAnne Uehara, Dave Ashcomb and Ed Surrette as Nominating Committee members.

Sara moved to accept the Nominating Committee as presented. Second. Motion passed.

4. Approve – Revised Policy No. 30-215 – OCEC Equipment and Right of Access

Michael Murray moved to accept revised Policy No. 30-215 – OCEC Equipment and Right of Access as presented. Second. Motion passed.

5. Approve – Revised Policy No. 30-410 – Line Extensions

Board discussion on why changes were needed: the main reason is to update our policy to be in line with other utilities and cooperatives. Wording was also clarified in sections.

Sara moved to accept Revised Policy No. 30-410 Line Extensions as presented.  
Second. Motion passed.

6. Approve – Revised Policy No. 30-310 – Theft of Electric Service

Alan moved to accept Revised Policy No. 30-310 – Theft of Electric Service. Second.  
Motion passed.

7. Approve – Discuss – Instructing OCEC's Member Rep to PNGC to Vote for Approval of the Agreement for UEC to Leave PNGC

David reported an agreement was reached with UEC (Umatilla Electric Cooperative) to leave PNGC.

David needs an approval from the OCEC Board for him to vote affirmative at the PNGC Member Representatives' vote. David and Dale Sekijima's recommendation is to allow UEC to leave PNGC.

David noted that the agreement is available to OCEC Directors to read. Directors must sign a non-disclosure agreement (NDA) before it will be provided. (David later found out that only one NDA is needed and he did execute it.)

David will provide a high level review of the major points of the agreement.

OPEN FLOOR FOR BOARD MEMBERS

Michael Murray opened a discussion of the involvement choices of OCEC in political issues such as the Snake River Dam removal movement.

Discussed were members who choose not to support certain entities due to individual beliefs and when it is proper for OCEC to take a stand on an issue (community, regional or national).

The discussion included determining what is best for the Cooperative as a whole, how the scenario of the dam's removal would affect OCEC: how and with what would hydro-power be replaced – natural gas or nuclear – and what would be the cost to members?

The Board also discussed the value of WRECA and should OCEC Directors vote on policy's that go to WRECA. David suggested those Board members who are interested in WRECA should consider attending the Annual Meeting in 2020.

Meeting adjourned to Executive Session at 4:25 pm.

EXECUTIVE SESSION

1. Litigation Update
2. 2019 GM Goals
3. Board Only Discussion
  - a. 2020 GM Goals

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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>	1/31/2020

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

CERTIFICATION	BALANCE CHECK RESULTS	AUTHORIZATION CHOICES
<p>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.</p>	<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; 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; 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; margin: 5px; display: flex; align-items: center; justify-content: center;">4</div> <div style="margin: 5px;">Matches</div> </div> </div>	<p style="text-align: center; color: red;"><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></p> <div style="text-align: center;"> <input checked="" type="radio"/> YES    <input type="radio"/> NO         </div> <p style="text-align: center; color: red;"><b>B. Will you authorize CFC to share your data with other cooperatives?</b></p> <div style="text-align: center;"> <input checked="" type="radio"/> YES    <input type="radio"/> NO         </div>
<p>Signature of Office Manager or Accountant      Date</p> <p><i>[Signature]</i>      2/20/20</p>		
<p>Signature of Manager      Date</p> <p><i>[Signature]</i>      1-20-20</p>		

**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	689,452	704,636	704,636	704,636
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	333,400	368,528	368,528	368,528
4. Transmission Expense	0	0	0	0
5. Regional Market Operations Expense	0	0	0	0
6. Distribution Expense - Operation	5,944	11,913	11,913	11,913
7. Distribution Expense - Maintenance	89,317	60,720	60,720	60,720
8. Consumer Accounts Expense	23,167	26,012	26,012	26,012
9. Customer Service and Informational Expense	257	290	290	290
10. Sales Expense	(2,988)	0	0	0
11. Administrative and General Expense	107,620	121,721	121,721	121,721
<b>12. Total Operation &amp; Maintenance Expense (2 thru 11)</b>	<b>556,717</b>	<b>589,183</b>	<b>589,183</b>	<b>589,183</b>
13. Depreciation & Amortization Expense	32,521	31,575	31,575	31,575
14. Tax Expense - Property & Gross Receipts	3,766	3,720	3,720	3,720
15. Tax Expense - Other	21,453	21,527	21,527	21,527
16. Interest on Long-Term Debt	16,418	16,924	16,924	16,924
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
<b>20. Total Cost of Electric Service (12 thru 19)</b>	<b>630,875</b>	<b>662,928</b>	<b>662,928</b>	<b>662,928</b>
<b>21. Patronage Capital &amp; Operating Margins (1 minus 20)</b>	<b>58,577</b>	<b>41,708</b>	<b>41,708</b>	<b>41,708</b>
22. Non Operating Margins - Interest	1,020	710	710	710
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	0	0	0	0
25. Non Operating Margins - Other	1,500	2,900	2,900	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>61,097</b>	<b>45,318</b>	<b>45,318</b>	<b>45,318</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	3	0	5. Miles Transmission	0	0
2. Services Retired	2	0	6. Miles Distribution Overhead	303	164
3. Total Services In Place	3,783	3,839	7. Miles Distribution Underground	221	196
4. Idle Services (Exclude Seasonal)	101	99	<b>8. Total Miles Energized (5+6+7)</b>	<b>524</b>	<b>360</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>	01/31/2020

PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	14,779,849	29. Memberships	16,385
2. Construction Work in Progress	195,921	30. Patronage Capital	8,092,297
<b>3. Total Utility Plant (1+2)</b>	<b>14,975,769</b>	31. Operating Margins - Prior Years	596,796
4. Accum. Provision for Depreciation and Amort	4,949,316	32. Operating Margins - Current Year	42,418
<b>5. Net Utility Plant (3-4)</b>	<b>10,026,453</b>	33. Non-Operating Margins	437,822
6. Nonutility Property - Net	0	34. Other Margins & Equities	464,079
7. Investment in Subsidiary Companies	912,874	<b>35. Total Margins &amp; Equities (29 thru 34)</b>	<b>9,649,798</b>
8. Invest. in Assoc. Org. - Patronage Capital	379,786	36. Long-Term Debt CFC (Net)	0
9. Invest. in Assoc. Org. - Other - General Funds	0	37. Long-Term Debt - Other (Net)	3,566,727
10. Invest in Assoc. Org. - Other - Nongeneral Funds	143,158	<b>38. Total Long-Term Debt (36 + 37)</b>	<b>3,566,727</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>1,449,318</b>	42. Notes Payable	0
15. Cash-General Funds	446,511	43. Accounts Payable	548,361
16. Cash-Construction Funds-Trustee	0	44. Consumers Deposits	159,910
17. Special Deposits	185,029	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	693,831	48. Other Current & Accrued Liabilities	228,509
21. Accounts Receivable - Net Other	887,716	<b>49. Total Current &amp; Accrued Liabilities (42 thru 48)</b>	<b>936,780</b>
22. Renewable Energy Credits	0	50. Deferred Credits	0
23. Materials & Supplies - Electric and Other	251,874	<b>51. Total Liabilities &amp; Other Credits (35+38+41+49+50)</b>	<b>14,153,305</b>
24. Prepayments	73,146		
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>2,677,534</b>	Balance Beginning of Year	0
27. Deferred Debits	(0)	Amounts Received This Year (Net)	42,503
<b>28. Total Assets &amp; Other Debits (5+14+26+27)</b>	<b>14,153,305</b>	<b>TOTAL Contributions-In-Aid-Of-Construction</b>	<b>42,503</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**

January 31, 2020

	ANNUAL BUDGET	Y-T-D BUDGET	Y-T-D ACTUAL	MONTH BUDGET	MONTH ACTUAL
OPERATING REVENUE	\$0	\$0	\$704,636	\$704,636	\$704,636
COST OF POWER	\$0	\$0	\$368,528	\$368,528	\$368,528
<b>GROSS MARGINS</b>	\$0	\$0	\$336,108	\$336,108	\$336,108
<b>OPERATING EXPENSES:</b>					
DISTRIBUTION OPERATIONS	\$0	\$0	\$11,913	\$11,913	\$11,913
DISTRIBUTION MAINTENANCE	\$0	\$0	\$60,720	\$60,720	\$60,720
CONSUMER ACCOUNTING	\$0	\$0	\$26,012	\$26,012	\$26,012
CONSUMER SERVICE & INFO	\$0	\$0	\$290	\$290	\$290
SALES EXPENSE	\$0	\$0	\$0	\$0	\$0
ADMIN & GENERAL	\$0	\$0	\$121,721	\$121,721	\$121,721
<i>TOTAL OPERATING EXPENSES</i>	\$0	\$0	\$220,655	\$220,655	\$220,655
<b>FIXED EXPENSES:</b>					
DEPRECIATION	\$0	\$0	\$31,575	\$31,575	\$31,575
TAXES-PROPERTY	\$0	\$0	\$3,720	\$3,720	\$3,720
TAXES-OTHER	\$0	\$0	\$21,527	\$21,527	\$21,527
INTEREST	\$0	\$0	\$16,924	\$16,924	\$16,924
OTHER DEDUCTIONS	\$0	\$0	\$0	\$0	\$0
<i>TOTAL FIXED EXPENSES</i>	\$0	\$0	\$73,745	\$73,745	\$73,745
<b>TOTAL EXPENSES</b>	\$0	\$0	\$294,400	\$294,400	\$294,400
<b>OPERATING MARGINS</b>	\$0	\$0	\$41,708	\$41,708	\$41,708
<b>NONOPERATING MARGINS:</b>					
INTEREST	\$0	\$0	\$710	\$710	\$710
OTHER	\$0	\$0	\$2,900	\$2,900	\$2,900
<b>NET MARGINS</b>	\$0	\$0	\$45,318	\$45,318	\$45,318
T.I.E.R.	#DIV/0!	#DIV/0!	3.68	3.68	3.68

OKANOGAN COUNTY ELECTRIC COOPERATIVE, INC.

**POWER & SERVICE DATA**  
January-20

	October 2019	November 2019	December 2019	January 2020	January 2019
<b>POWER DATA:</b>					
COST OF POWER	\$255,924	\$200,013	\$337,416	\$368,528	\$333,400
KWH PURCHASED	5,146,360	6,589,070	8,659,575	8,313,190	8,465,310
KWH SOLD & OCEC USE	4,782,885	6,155,319	8,136,426	8,082,566	7,943,835
KWH LOST	363,475	433,751	523,149	230,624	521,475
LINE LOSS %	7.06%	6.58%	6.04%	2.77%	6.16%
COST PER KWH	\$0.0497	\$0.0304	\$0.0390	\$0.0443	\$0.0394
<b>BILLING DATA:</b>					
ACCOUNTS BILLED	3,807	3,651	3,661	3,658	3,588
AVG. KWH/CONSUMER	1,256	1,686	2,222	2,210	2,214
BILLING REVENUE	\$472,001	\$568,869	\$573,250	\$702,381	\$687,138
AVERAGE BILL	\$123.98	\$155.81	\$156.58	\$192.01	\$191.51
REVENUE/KWH SOLD	\$0.0987	\$0.0924	\$0.0705	\$0.0869	\$0.0865
<b>SERVICE DATA:</b>					
NEW	5	12	5	0	3
RETIRED	0	1	1	0	2
TOTAL END OF MONTH	3824	3835	3839	3839	3783
IDLE SERVICES	98	98	98	101	101
<b>TRANSPORTATION:</b>					
TOTAL MILES	7,967	5,088	5,346	7,418	5,497
COST OF OPERATION	\$18,098	\$12,514	\$17,801	\$18,455	\$18,359
AVG. COST PER MILE	\$2.272	\$2.459	\$3.330	\$2.488	\$3.340
<b>MATERIALS:</b>					
ISSUES	\$21,667	\$4,936	\$109,956	\$0	\$16,224
INVENTORY	\$264,477	\$298,901	\$201,829	\$251,874	\$203,393

Okanogan County Electric Cooperative Inc  
Capital Expenditures by Project

Jan-20

	Current Month			Year to Date			Annual Budget	Annual Balance	
	Actual	Budget	Variance	Actual	Budget	Variance			
Member Requested Facilities	0.00	0.00	0.00	0.00	0.00	0.00	299,085.00	299,085.00	
Replacements (Poles & Transformers)	6,481.70	5,685.00	(796.70)	6,481.70	5,685.00	(796.70)	120,114.00	113,632.30	
Misc URD/OH Replacement Projects	0.00	0.00	0.00	0.00	0.00	0.00	19,356.00	19,356.00	
Replace 2500' of urd at Edelweiss - Part 3	0.00	0.00	0.00	0.00	0.00	0.00	108,914.00	108,914.00	
Continued Replacement - Studhorse - Part 3	0.00	0.00	0.00	0.00	0.00	0.00	57,769.00	57,769.00	
Replace Davis Lake URD	0.00	0.00	0.00	0.00	0.00	0.00	39,106.00	39,106.00	
Replace Liberty Woodlands URD	0.00	0.00	0.00	0.00	0.00	0.00	29,404.00	29,404.00	
Mazama Upgrade (second of multiple phases)	0.00	0.00	0.00	0.00	0.00	0.00	48,462.00	48,462.00	
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	0.00	0.00	0.00	17,702.00	17,702.00	
P and I twelve line monitor sensors	0.00	0.00	0.00	0.00	0.00	0.00	54,711.00	54,711.00	
Pole Inspections	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00	10,000.00	
Fire Retardant/Treatment on Poles	0.00	0.00	0.00	0.00	0.00	0.00	21,711.00	21,711.00	
Meter Projects (replace CTs)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Front Employee Parking and Irrigation Sys	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00	10,000.00	
<b>subtotal</b>	<b>6,481.70</b>	<b>5,685.00</b>	<b>(796.70)</b>	<b>6,481.70</b>	<b>5,685.00</b>	<b>(796.70)</b>	<b>851,334.00</b>	<b>844,852.30</b>	
Un Allocated Overhead	59,527.28			59,527.28	0.00	(59,527.28)			
<b>Member CIAC</b>	<b>CIAC</b>	<b>(42,503.00)</b>	<b>0.00</b>	<b>(42,503.00)</b>	<b>0.00</b>	<b>(42,503.00)</b>	<b>(374,000.00)</b>	<b>(331,497.00)</b>	
<b>Total less CIAC</b>	<b>23,505.98</b>			<b>23,505.98</b>			<b>477,334.00</b>		
<b>* \$42,263.90 holding in CIAC 01/31/20</b>									
Meters Purchases	0.00	0.00	0.00	0.00	0.00	0.00	50,000.00	50,000.00	
Computers & Software Upgrades	0.00	0.00	0.00	0.00	0.00	0.00	18,000.00	18,000.00	
Transformers Purchases	0.00	0.00	0.00	0.00	0.00	0.00	150,000.00	150,000.00	
Vehicle Additions and Replacements	0.00	0.00	0.00	0.00	0.00	0.00	195,000.00	195,000.00	
New Phone System	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00	10,000.00	
Heated Pressure Washer	0.00	0.00	0.00	0.00	0.00	0.00	6,000.00	6,000.00	
Tools/Misc	5,397.68	0.00	(5,397.68)	5,397.68	0.00	(5,397.68)	6,000.00	602.32	
Facility Planning Study	0.00	0.00	0.00	0.00	0.00	0.00	45,000.00	45,000.00	
<b>Total</b>	<b>(36,021.30)</b>	<b>5,685.00</b>		<b>(36,021.30)</b>	<b>5,685.00</b>		<b>480,000.00</b>	<b>423,000.00</b>	
<b>Total Capital Budget less CIAC</b>								<b>957,334.00</b>	<b>936,355.30</b>

\* Note

	Line Crew Direct Labor	Materials	107.25 Labor	Consultants Contractors	Transportation	Benefits	Total
January	1,805.48	0.00	2,000.00	0.00	1,096.38	1,579.84	6,481.70
February							0.00
March							0.00
April							0.00
May							0.00
June							0.00
July							0.00
August							0.00
September							0.00
October							0.00
November							0.00
December							0.00
	<b>1,805.48</b>	<b>0.00</b>	<b>2,000.00</b>	<b>0.00</b>	<b>1,096.38</b>	<b>1,579.84</b>	<b>6,481.70</b>

\* 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



## General Manager's Report to the Board – February 2020

### General Discussion:

- The consultant hired to develop a broadband plan for the Methow Valley is hosting a series of meetings in the valley and inspecting the areas that have been historically hard to serve. We are looking forward to getting this step completed. Interestingly there is a segment of the population in the valley that is against developing a more robust broadband system in the valley. We will see how vocal they are as we collect community comments. There are a lot of funding opportunities available at the state and federal levels. According to the consultant, there are grant opportunities available for cooperatives to build broadband. I relayed that we may be interested in these grants with the following provisions:
  - We would build to PUD specs and lease (say at \$1 per year) to the PUD to complement their system
  - It would need to be cash-flow neutral for us. This includes maintenance costs and possible rebuild if, for example, it is destroyed by fire.
- The Washington State legislature has convened for a short session. It is turning out to be a relatively quiet session. During my visit to Olympia last week, I visited eight senators and reps that represented four different legislative districts. The meetings were productive.

There are four major items that WRECA is tracking:

- The CFC B&O tax bill
- Three carbon bills
- Community solar program changes (WRECA is opposed to this bill because it expands the scope of net metering by instituting a “virtual” net metering scheme. Until the cost-shift subsidies caused by net metering from non-solar participants to solar participants are addressed, WRECA does not believe that net-metering should be expanded.)

- Study electric system reliability degradation due to loss of carbon-based generation plants

The situation is way too fluid to summarize the current status of these. The next WRECA update after the policy cut-off deadline this week will give a good sense of the situation with regards to legislation that can affect cooperatives.

## Financial Update

Below is a graph showing the cost structure components and margins from 2000 to 2019. As shown on the graph, in terms of expenses, we are approaching the level of expenses we had in 2011 before we started cost cutting. We are still above the target 2.4 tier for operating margins. This does not include any income from non-operating margins.

