

## BOARD OF DIRECTORS MEETING

March 23, 2020 at **3:00 PM**

**By GoToMeeting or  
Conference Call: 712-451-0989  
Access Code: 400075#**



### 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 February 24, 2020
  - b) New Members
  - c) February 2020 – Form 7
  - d) Statement of Operations
  - e) Power & Service Data
  - f) Capital Expenditures by Project
  - g) Cash Flow 2020
6. Committee Reports
7. Meetings Attended
  - a) NRECA/CFC Annual Conference - March 1<sup>st</sup> -  
March 4<sup>th</sup> - New Orleans
  - b) State of Washington DNR/Electric Utility Fire Task  
Force – March 5<sup>th</sup> - Olympia – David
  - c) PNGC February Meeting – February 4<sup>th</sup> and 5<sup>th</sup> -  
Portland – David and Dale

8. Meetings to Attend
  - d) PNGC March Meeting – March 7<sup>th</sup> - David by Conference Call
  - e) WRECA Strategic Planning – Rescheduled to September 9<sup>th</sup> and 10<sup>th</sup> - David
  
9. General Managers Report (Tab 3)
  - a) Office Update
  - b) Operations Update
  - c) Propane Update

## **ITEMS OF BUSINESS**

- 1) Approve - 2019 Audit (**Final 2019 Consolidated Audit on OCEC's Sharepoint Finance Page**)
- 2) Approve – 2020 Budget (**Sent by Separate E-mail**)
- 3) Affirm – By-law Change to Revise Election Format (**Tab 4**)
- 4) Update – OCEC Annual Meeting
- 5) Approve – Data Analysis Tools (**Tab 5**)
- 6) Update – Political Spending As a % of Budget of OCEC and Other Organizations that OCEC Supports (**Tab 6**)
- 7) Comment – Proposed Political Activity Policy (**Tab 7**)

## **OPEN FLOOR FOR BOARD MEMBERS**

## **EXECUTIVE SESSION**

- 1) Board Only Discussion



BOARD MEETING  
February 24, 2020

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

Absent: John Kirner.

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

Members in Attendance: Tracy Ross.

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

Dale requested an addition to Executive Session: Board Discussion – No Staff.

Agenda approved as amended by consensus.

4. MEMBER COMMUNICATIONS

None at this time.

5. APPROVAL OF CONSENT AGENDA ITEMS

Sara noted two typos in the minutes to be corrected.

Consent Agenda approved by Board Consensus.

## 6. COMMITTEE REPORT

Governance Committee:

Committee Chair, Dave Ashcom, will send two (2) nominees and Bio's to David Gottula for inclusion on the 2020 election ballot. Alan noted that today, February 24<sup>th</sup> is the deadline.

Finance Committee:

No report at this time.

## 7. MEETINGS ATTENDED

### a) PNGC February Meeting – February 4<sup>th</sup> & 5<sup>th</sup> – Portland – David

David reviewed two points of interest: 1) PNGC is preparing for the 2028 end of the BPA contract, and, 2) preparing for the draft EIS (Environmental Impact Statement), regarding the Columbia River system, scheduled to be released this Friday. PNGC is working through issues with Salmon Energy Group.

### 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> - David

See Manager's report for legislative updates.

## 8. MEETINGS TO ATTEND

### a. NRECA Annual conference – March 1<sup>st</sup> – March 5<sup>th</sup> – New Orleans – David

David noted it is a good networking opportunity. He will meet with various vendors for OCEI insurance coverage alternatives, the CFC financial reps and go through the Tech Advantage trade show to explore alternatives to current infrastructure equipment and new technologies on the market.

- b. State of Washington DNR/Electric Utility Fire Task Force – March 5<sup>th</sup> – Olympia – David

David reviewed the purpose and tasks of the Task force noting their report and DNR's draft rules are due to the legislature by December 2020.

- c. PNGC March Meeting – March 10<sup>th</sup> & 11<sup>th</sup> – Portland – David

## 9. GENERAL MANAGERS REPORT

Written report reviewed. David and Glen Huber discussed an outage and the process of power restoration in the Wolf Creek area on Sunday. They discussed overhead and underground infrastructure philosophy.

- a) Office Update

Nothing at this time

- b) Operations Update

Glenn reported:

- Reviewed finding underground outages vs. overhead outages.
- February 19<sup>th</sup> OCEC hosted a contractors meeting. He reported a good turnout of contractors and excavators, an L&I Inspector, and local electricians.
- In July of 2019 OCEC put out an RFP (request for proposal) for a facility study of the OCEC campus. We have received a few inquiries and one formal RFP to date.

- c) OCEI Propane Update

Tracy reported she attended the OCEC contractors meeting and was able to network with excavators who do work for OCEI customers. She provided a rebate form to Board members noting that it is a good offer for those considering a switch or replacement of propane appliances. OCEI is required to install and complete a gas check in order to apply for the rebate.

## ITEMS OF BUSINESS

1. Review – 2020 Capital Budget

David reviewed the draft capital budget via a power point presentation. The discussion included comparisons and differences between the 2019 capital budget and the 2020 capital budget.

## 2. Action Item – Motion to Revise Election Format

Alan Watson reviewed his proposal and motion to revise the current protocol for annual Board elections.

Alan Watson moved to:

- 1) Delete the final paragraph of Bylaws Article III, Section 4 (which states: “Any Candidate seeking election to fill the vacated Director position shall declare him or herself as candidate solely for the unexpired term of that vacated position and not for any other Director election that may be occurring at the same meeting of the Members at which elections are to be held”), and that we,
- 2) Add a new final paragraph: **“When an election for Directors includes one or more unexpired terms, all candidates shall be included in the same election, and those candidates receiving the most votes shall be elected to the longest terms.”**
- 3) Delete last 2 sentences of Bylaws Article III, Section 4 (which states: “the Director so elected shall serve out the remainder of the original term of the vacated Director position. Nothing in this Section shall prohibit the Board Appointed Director from seeking election by the Members to serve the remainder of the original term of the vacated Director position”).

Michael Murray seconded. Discussion included: last year’s confusing ballot, a unanimous vote of the OCEC Directors is required for a change to the Bylaws, is this a minor enough change to not require a vote of the membership, and, how this will affect incumbent Directors running for reelection.

Dale Sekijima holds a proxy for John Kirner directing him to vote for the proposed change.

Dale called for a vote. The motion passed unanimously contingent on legal review of the proposed wording. The proposed wording will go the attorney for her input. The final wording will be approved by board members via written consent per Bylaw Article IV, Section 7.

## 3. Discussion – Grant Application for EV

David reported he has a 10:00 am meeting tomorrow morning with the Town of Winthrop for review of a possible joint project to install Class Three Charging

station(s) for EV's (electric vehicles). David will bring an assessment of the proposed project to the Board.

Dale noted this may not be 100% supported by all OCEC members and/or board directors. He cautions against a commitment without details regarding staff time, financial commitment, and a project plan if the Town of Winthrop is awarded a grant. He further cautioned board members to coordinate with David before making representations to, providing commitments to, or requesting resources from any of the involved parties.

David noted that the Town would be the lead on the project and would be writing and administering the grant.

#### 4. Update – Nomination Committee

Michael reported on the nominating committee under the Governance report.

#### 5. Form – Revolving Loan Committee

Lynn Northcott reported Alan Watson, John Kirner and herself last served on the Revolving Loan committee. No changes were proposed.

### OPEN FLOOR FOR BOARD MEMBERS

Michael Murray sent a memo to the Board regarding his opinion on OCEC Political Activities and Expenditures. Memo is attached: (see below – image inserted – no edit). OCEC does not currently have a political activities policy. Discussion ensued with some differences of opinion between Board and staff relating to the definition and nature of political activity. Staff will gather information 1) about goals of PNGC, WRECA, NRECA, PPC and River Partners; 2) about OCEC money spent on and staff time utilized on political activity in 2019 and; 3) for the organizations OCEC funds that have political activity, the estimated percentage of their annual budget dedicated to political activity.

Board consensus for Staff to draft a Political Activity Policy.

## OCEC Political Activities and Expenditures

OCEC will inevitably be involved in controversial political issues in the years ahead. Dam removal, clean energy requirements, solar net metering, and permitting of fossil fuel power plants are just the beginning of a long line of contentious, politically-charged topics. Electric utilities occupy a unique societal role as virtual monopolies, and extra care is warranted to ensure any political activities OCEC undertakes or funds are done in a clear, transparent manner backed by a policy approved by the Board. A responsible policy should not compel OCEC members to fund political activities via their electrical bills without notice, restrictions or accountability to members.

I am requesting development of a policy or resolution stating OCEC's position on political communications and activities, a document available to members and a clear statement of OCEC's political practices. Of course, a policy or resolution is pursuant to the Board's discussion and agreement to move forward on this issue.

This memo is intended as a baseline for discussion and poses some important questions for the Board's consideration in developing a policy covering how OCEC will treat political activities, expenditures or lobbying of any kind on behalf of members.

**Background and context:** The political activities of electric utilities – investor-owned utilities (IOUs), munis and cooperatives – have been controversial for many years. As early as 1985, the *Washington Post* published an article titled “Ratepayers Said to Fuel Utility Lobby” that described how IOUs were funneling more than \$10 million per year to Edison Electric Institute (EEI) for federal lobbying. The practice has been contentious ever since, with the National Association of Regulatory Utility Commissioners (NARUC) complaining loudly and publicly that forcing consumers to fund political “speech” that they have not consented to is inappropriate. NARUC also claimed that passing such expenses onto consumers violates many states’ laws.<sup>1</sup> In response to an outcry, NARUC audited EEI’s budgets so as to distinguish lobbying from non-lobbying activities.<sup>2</sup> Today, EEI is required by some states to identify the percentage of their budget allocated toward lobbying activities so that state commissions can decide whether ratepayers or shareholders should fund lobbying activities.<sup>3</sup> Meanwhile, other trade associations receive millions of dollars from IOUs (whether from consumers or from shareholders), such as the Nuclear Energy Institute, the U.S. Chamber of Commerce, the American Gas Association, and the Koch Industries-backed American Legislative Exchange Council, among many others.

More recently, cooperatives have also been criticized for their expenditures on political activities. The Colorado Rural Electric Association was criticized last year for spending over \$450,000 to support candidates running for state senate, predominantly Republicans.<sup>4</sup> Colorado’s Tri-State Generating and Transmission Association, a co-op similar to PNGC, faced Congressional inquiries last year for ethical and financial improprieties associated with the Utility Air Regulatory Group, an organization that supports coal power and opposes clean air regulations.<sup>5</sup> Here in Washington, OPALCO came under fire last month for adopting a resolution, promoted by WRECA, supporting the Lower Snake River dams. An outcry from local members, concerned about OPALCO’s

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<sup>1</sup> See <https://www.washingtonpost.com/archive/business/1985/11/18/ratepayers-said-to-fuel-utility-lobby/92d0aa17-9cd0-426e-810e-265d303321ee/>

<sup>2</sup> Personal communication with Karl Rabago, former Commissioner of the Texas Public Utility Commission.

<sup>3</sup> See, e.g., [http://www.ripuc.ri.gov/eventsactions/docket/4770-NGrid-Compliance%20\(AGA%20&%20EEI%20Responses\)\(8-8-19\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4770-NGrid-Compliance%20(AGA%20&%20EEI%20Responses)(8-8-19).pdf)

<sup>4</sup> See <https://www.energyandpolicy.org/colorado-rural-electric-association-spent-electric-cooperatives-money-supporting-republican-politicians/>

<sup>5</sup> See <https://energycommerce.house.gov/newsroom/press-releases/ec-leaders-launch-investigation-of-secretive-front-group-uarg-and-its-ties>

regardless of the specific political positions taken, it is safe to say that both ends of the political spectrum will eventually object to certain political activities. Acknowledging that reality, some bipartisan initiatives have sought to limit utility political spending. In California, for example, both liberal and conservative legislators have proposed bans on all IOU political spending as an anti-corruption measure.<sup>7</sup>

**Question 1:** Should OCEC engage in or fund any political activities or advocacy? Is any activity appropriate?

Current status: OCEC is a member of WRECA, NRECA, and PNGC.

The facts:

- OCEC is a member-owned cooperative;
- OCEC is a monopoly, and members do not have practical alternatives for leaving OCEC for another electricity provider if they do not like OCEC's political activities; and
- Neither members nor the Board have voted to express their political views, raising questions about notice, governance and democratic control.

Most relevant to OCEC is WRECA, which portrays itself as speaking for all member-owned electric cooperatives in Washington. However, most OCEC members have never heard of WRECA, let alone provided their consent or support for its activities. Without an articulated public policy OCEC is open to criticism that our political activities are inconsistent with the cooperative principles of "Democratic Member Control" and "Members' Economic Participation."<sup>8</sup> In effect OCEC is requiring members to pay for WRECA's political positions without the explicit support of our members.

**Question 2:** If the Board feels *some* political activities or expenditures by OCEC are appropriate, how are such activities defined and what limitations should apply?

A framework: If the Board considers new policies governing political activity, then we should holistically consider our direct actions as well as our indirect actions through organizations that we fund. The following questions are a framework for developing a political activities policy:

1. How should "political activities and expenditures" be defined to distinguish appropriate from inappropriate? Lobbying has been defined by many entities including the federal government<sup>9</sup> and the states<sup>10</sup>. Which definition of lobbying should be adopted? Should other political activities that are not overtly lobbying also be included?

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<sup>6</sup> *Clearing Up*. January 24, 2020 No. 1937 at 12.

<sup>7</sup> See <https://www.sacbee.com/news/politics-government/capitol-alert/article239996668.html>,

<sup>8</sup> NRECA: <https://www.electric.coop/seven-cooperative-principles%E2%80%8B/>

<sup>9</sup> Lobbying Disclosure Act: [https://lobbyingdisclosure.house.gov/amended\\_lda\\_guide.html#section3](https://lobbyingdisclosure.house.gov/amended_lda_guide.html#section3). The IRS also has definitions relevant in determining tax-exempt status of non-profits.

<sup>10</sup> See, e.g., Washington's Public Disclosure Commission: <https://www.pdc.wa.gov/learn/publications/lobbyist-employer-instructions/basic-information>. See also California's Fair Political Practices Act: <http://www.fppc.ca.gov/content/dam/fppc/NS-Documents/TAD/Lobbying/Lobbyist-Manual-Folder/Lobbying%20Manual.pdf>.

2. For organizations that OCEC funds, including, but not limited to, WRECA, NRECA and PNGC, how can we influence them to distinguish political vs. non-political activity?

3. What forms of notice, democratic governance and accountability should apply? As of now, members are not made aware of, or given choices on, any OCEC political activities. Should members directly vote on political positions? Should Board members be required to publicly cast votes on key issues, permitting members to vote for or against their representatives in April? What forms of information feedback, such as newsletters and emails, are appropriate to ensure that members are informed of OCEC's political activities being undertaken in their names?

Finally, as Board members will recall, during our January, 2020 Board and open forum, it was suggested that the Board voting to take a position on specific ballot measures or legislation is different than OCEC funding and participating in WRECA who, in turn, takes political positions in an effort to change public policy. I believe this is a distinction without a difference. WRECA has a contracted lobbyist in Olympia to influence members of the Legislature. It is hard to argue a Board vote on a particular political issue is being "political" whereas hiring a lobbyist in Olympia is somehow "apolitical." Indirect political activity equals political activity.

In conclusion, it is inevitable that OCEC will be involved in political controversy in the years ahead. As an American, I would not deny any person's or organization's right to petition their government for redress. However, at the same time, OCEC members should not be compelled to fund OCEC political activities without notice or without restrictions. By virtue of being a monopoly, extra care is warranted to ensure that any political activities OCEC undertakes are done so in a clear manner with transparency and accountability to members.

Meeting adjourned to Executive Session at 4:38 pm.

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.

Out of Executive Session at 4:58 pm.

Alan motioned to authorize Member Representative of PNGC, David Gottula, to approve the agreement for UEC to leave PNGC. Sara seconded. Motion Carried.

Back to Executive Session at 5:29 pm.

3. Litigation Talking Points Discussion
4. Board Discussion: No Staff Present

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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>	2/29/2020

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

CERTIFICATION	BALANCE CHECK RESULTS	AUTHORIZATION CHOICES
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 <span style="float: right;">Date</span> <i>[Signature]</i> <span style="float: right;">3/17/20</span>		<input checked="" type="radio"/> YES <input type="radio"/> NO
Signature of Manager <span style="float: right;">Date</span> <i>[Signature]</i> <span style="float: right;">3/17/20</span>		<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	1,413,760	1,323,030	1,244,052	618,393
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	706,187	674,312	638,702	305,784
4. Transmission Expense	0	0	0	0
5. Regional Market Operations Expense	0	0	0	0
6. Distribution Expense - Operation	10,738	19,346	19,420	7,433
7. Distribution Expense - Maintenance	155,897	150,859	107,397	90,139
8. Consumer Accounts Expense	48,166	49,939	50,242	23,927
9. Customer Service and Informational Expense	514	580	580	290
10. Sales Expense	(2,988)	0	0	0
11. Administrative and General Expense	161,353	188,093	177,147	66,373
<b>12. Total Operation &amp; Maintenance Expense (2 thru 11)</b>	<b>1,079,867</b>	<b>1,083,129</b>	<b>993,488</b>	<b>493,946</b>
13. Depreciation & Amortization Expense	65,056	63,175	62,900	31,600
14. Tax Expense - Property & Gross Receipts	7,532	7,425	7,440	3,705
15. Tax Expense - Other	43,635	40,667	36,308	19,140
16. Interest on Long-Term Debt	32,835	33,847	33,848	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>1,228,926</b>	<b>1,228,243</b>	<b>1,133,984</b>	<b>565,315</b>
<b>21. Patronage Capital &amp; Operating Margins (1 minus 20)</b>	<b>184,835</b>	<b>94,787</b>	<b>110,069</b>	<b>53,078</b>
22. Non Operating Margins - Interest	1,405	991	3,142	281
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	3,000	5,800	5,800	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>189,240</b>	<b>101,578</b>	<b>119,011</b>	<b>56,260</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>	02/29/2020

PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	14,789,920	29. Memberships	16,400
2. Construction Work in Progress	192,242	30. Patronage Capital	8,091,832
<b>3. Total Utility Plant (1+2)</b>	<b>14,982,162</b>	31. Operating Margins - Prior Years	596,796
4. Accum. Provision for Depreciation and Amort	4,985,580	32. Operating Margins - Current Year	101,577
<b>5. Net Utility Plant (3-4)</b>	<b>9,996,582</b>	33. Non-Operating Margins	434,922
6. Nonutility Property - Net	0	34. Other Margins & Equities	464,132
7. Investment in Subsidiary Companies	912,874	<b>35. Total Margins &amp; Equities (29 thru 34)</b>	<b>9,705,660</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	497,493	43. Accounts Payable	425,262
16. Cash-Construction Funds-Trustee	0	44. Consumers Deposits	159,810
17. Special Deposits	191,187	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	677,997	48. Other Current & Accrued Liabilities	277,788
21. Accounts Receivable - Net Other	881,558	<b>49. Total Current &amp; Accrued Liabilities (42 thru 48)</b>	<b>862,860</b>
22. Renewable Energy Credits	0	50. Deferred Credits	0
23. Materials & Supplies - Electric and Other	235,189	<b>51. Total Liabilities &amp; Other Credits (35+38+41+49+50)</b>	<b>14,135,247</b>
24. Prepayments	66,496	<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>2,689,347</b>	Amounts Received This Year (Net)	75,187
27. Deferred Debits	(0)	<b>TOTAL Contributions-In-Aid-Of-Construction</b>	<b>75,187</b>
<b>28. Total Assets &amp; Other Debits (5+14+26+27)</b>	<b>14,135,247</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**

February 29, 2020

	<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	\$5,654,347	\$1,244,052	\$1,323,029	\$539,417	\$618,393
COST OF POWER	\$2,734,985	\$638,702	\$674,312	\$270,174	\$305,784
<b>GROSS MARGINS</b>	\$2,919,362	\$605,350	\$648,717	\$269,243	\$312,609
<b>OPERATING EXPENSES:</b>					
DISTRIBUTION OPERATIONS	\$101,317	\$19,420	\$19,346	\$7,508	\$7,433
DISTRIBUTION MAINTENANCE	\$652,886	\$107,397	\$150,859	\$46,675	\$90,139
CONSUMER ACCOUNTING	\$305,641	\$50,242	\$49,939	\$24,230	\$23,927
CONSUMER SERVICE & INFO	\$3,480	\$580	\$580	\$290	\$290
SALES EXPENSE	-\$1,500	\$0	\$0	\$0	\$0
ADMIN & GENERAL	\$811,948	\$177,147	\$188,093	\$55,426	\$66,373
<i>TOTAL OPERATING EXPENSES</i>	\$1,873,772	\$354,786	\$408,817	\$134,129	\$188,162
<b>FIXED EXPENSES:</b>					
DEPRECIATION	\$385,564	\$62,900	\$63,175	\$31,325	\$31,600
TAXES-PROPERTY	\$44,640	\$7,440	\$7,425	\$3,720	\$3,705
TAXES-OTHER	\$184,115	\$36,308	\$40,667	\$14,781	\$19,140
INTEREST	\$198,368	\$33,848	\$33,847	\$16,924	\$16,924
OTHER DEDUCTIONS	\$0	\$0	\$0	\$0	\$0
<i>TOTAL FIXED EXPENSES</i>	\$812,686	\$140,496	\$145,113	\$66,750	\$71,368
<b>TOTAL EXPENSES</b>	\$2,686,458	\$495,282	\$553,931	\$200,879	\$259,531
<b>OPERATING MARGINS</b>	\$232,905	\$110,069	\$94,786	\$68,364	\$53,078
<b>NONOPERATING MARGINS:</b>					
INTEREST	\$70,261	\$3,142	\$991	\$2,432	\$281
OTHER	\$34,800	\$5,800	\$5,800	\$2,900	\$2,900
<b>NET MARGINS</b>	\$337,966	\$119,011	\$101,577	\$73,696	\$56,260
<b>T.I.E.R.</b>	2.70	4.52	4.00	5.35	4.32

OKANOGAN COUNTY ELECTRIC COOPERATIVE, INC.

**POWER & SERVICE DATA**  
February-20

	November 2019	December 2019	January 2020	February 2020	February 2019
<b>POWER DATA:</b>					
COST OF POWER	\$200,013	\$337,416	\$368,528	\$305,784	\$372,787
KWH PURCHASED	6,589,070	8,659,575	8,313,190	7,299,585	8,785,370
KWH SOLD & OCEC USE	6,155,319	8,136,426	8,082,566	6,851,481	8,359,180
KWH LOST	433,751	523,149	230,624	448,104	426,190
LINE LOSS %	6.58%	6.04%	2.77%	6.14%	4.85%
COST PER KWH	\$0.0304	\$0.0390	\$0.0443	\$0.0419	\$0.0424
<b>BILLING DATA:</b>					
ACCOUNTS BILLED	3,651	3,661	3,658	3,644	3,581
AVG. KWH/CONSUMER	1,686	2,222	2,210	1,880	2,334
BILLING REVENUE	\$568,869	\$573,250	\$702,381	\$616,441	\$721,796
AVERAGE BILL	\$155.81	\$156.58	\$192.01	\$169.17	\$201.56
REVENUE/KWH SOLD	\$0.0924	\$0.0705	\$0.0869	\$0.0900	\$0.0863
<b>SERVICE DATA:</b>					
NEW	12	5	0	0	0
RETIRED	1	1	0	0	0
TOTAL END OF MONTH	3835	3839	3839	3839	3783
IDLE SERVICES	98	98	101	99	101
<b>TRANSPORTATION:</b>					
TOTAL MILES	5,088	5,346	7,418	5,738	4,194
COST OF OPERATION	\$12,514	\$17,801	\$18,455	\$18,814	\$16,331
AVG. COST PER MILE	\$2.459	\$3.330	\$2.488	\$3.279	\$3.894
<b>MATERIALS:</b>					
ISSUES	\$4,936	\$109,956	\$0	\$942	\$2,542
INVENTORY	\$298,901	\$201,829	\$251,874	\$235,189	\$222,776

Okanogan County Electric Cooperative Inc

Capital Expenditures by Project

Feb-20

	Current Month			Year to Date			Annual Budget	Annual Balance	
	Actual	Budget	Variance	Actual	Budget	Variance			
Member Requested Facilities	1,935.23	0.00	(1,935.23)	1,935.23	0.00	(1,935.23)	299,085.00	297,149.77	
Replacements (Poles & Transformers)	10,790.16	11,856.00	1,065.84	17,271.86	17,541.00	269.14	120,114.00	102,842.14	
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	
subtotal	12,725.39	11,856.00	(869.39)	19,207.09	17,541.00	(1,666.09)	851,334.00	832,126.91	
Un Allocated Overhead	48,735.29			48,735.29	0.00	(48,735.29)			
Member CIAC	CIAC	(32,683.71)	(3,173.00)	(29,510.71)	(75,186.71)	(45,573.00)	(29,613.71)	(374,000.00)	(298,813.29)
Total less CIAC	28,776.97			(7,244.33)			477,334.00		
								* \$50,861.25 holding in CIAC 02/29/20	
Meters Purchases	0.00	0.00	0.00	0.00	0.00	0.00	50,000.00	50,000.00	
Computers & Software Upgrades	5,526.32	0.00	0.00	5,526.32	0.00	(5,526.32)	18,000.00	12,473.68	
Transformers Purchases	9,048.77	0.00	(9,048.77)	9,048.77	0.00	(9,048.77)	150,000.00	140,951.23	
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)	5,398.67	0.00	(5,398.67)	6,000.00	601.33	
Facility Planning Study	0.00	0.00	0.00	0.00	0.00	0.00	45,000.00	45,000.00	
Total	(5,383.23)	8,683.00		(41,404.53)	(28,032.00)		480,000.00	408,424.91	
								Total Capital Budget less CIAC	
								957,334.00	941,738.53

\* 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	1,720.27	6,523.26	2,500.00	0.00	791.67	1,190.19	12,725.39
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
	3,525.75	6,523.26	4,500.00	0.00	1,888.05	2,770.03	19,207.09

\* 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: 2020

Actual/Forecasted

	2019	Budget year Jan - Dec	January	February	March	April	May	June	July	August	September	October	November	December	
Patronage Capital or Margins	\$0	\$337,966	\$45,318	\$56,260	\$4,501	(\$20,134)	(\$18,376)	(\$3,258)	\$2,772	\$7,540	\$647	(\$3,175)	\$126,963	\$121,474	\$320,532
Plus Depreciation Expense	\$0	\$385,564	\$31,575	\$31,600	\$31,325	\$31,325	\$31,741	\$31,741	\$31,741	\$31,741	\$32,825	\$32,825	\$32,825	\$34,575	\$385,840
Less Capital Credit Allocations	\$0	\$0	(\$1,527)	(\$413)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Plus FAS 158 Amortization	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total (Funds From Operations)	\$0	\$723,530	\$75,366	\$87,447	\$35,826	\$11,191	\$13,365	\$28,484	\$34,513	\$39,282	\$33,472	\$29,650	\$159,788	\$156,049	\$704,432
Cash Construction Funds - Trustee	\$0	\$0													
Special Deposit	\$0	\$53,222	(\$33,608)	(\$6,158)	(\$5,408)	(\$5,408)	\$142,842	(\$5,992)	(\$5,992)	(\$5,992)	(\$5,992)	(\$5,992)	(\$5,915)	(\$3,915)	\$52,472
Temporary Investment	\$0	\$0													
Accounts Receivable - Sale of Energy (Net)	\$0	(\$56,886)	(\$63,448)	\$15,834	\$597	\$597	\$597	\$597	\$597	\$597	\$597	\$597	\$597	\$597	(\$41,648)
Accounts Receivable - Other (Net)	\$0	(\$53,222)	\$33,608	\$6,158	\$5,408	\$5,408	(\$142,842)	\$5,992	\$5,992	\$5,992	\$5,992	\$5,992	\$5,915	\$3,915	(\$52,473)
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	(\$73,146)	\$6,650	\$6,650	\$6,650	\$6,650	\$6,650	\$6,650	\$6,650	\$6,650	\$6,650	\$6,650	\$6,650	\$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	\$666,644	(\$61,229)	\$109,931	\$43,072	\$18,437	\$20,611	\$35,730	\$41,760	\$46,528	\$40,718	\$36,896	\$167,034	\$163,295	\$662,783
Notes Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Accounts Payable	\$0	\$0	\$73,387	(\$123,099)	\$0	\$0	\$0	\$0	\$0	\$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	(\$55,860)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other Current and Accrued Liabilities	\$0	\$0	\$53,367	\$49,279	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Increase/(Decrease) in Operating Liabilities	\$0	\$0	\$70,894	(\$73,821)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CASH FROM OPERATING ACTIVITIES	\$0	\$666,644	\$9,666	\$36,110	\$43,072	\$18,437	\$20,611	\$35,730	\$41,760	\$46,528	\$40,718	\$36,896	\$167,034	\$163,295	\$659,857
INVESTMENT ACTIVITIES															
Total Utility Plant	\$0	(\$1,309,310)	(\$237,436)	(\$10,071)	(\$97,443)	(\$97,443)	(\$97,443)	(\$97,443)	(\$97,443)	(\$97,443)	(\$97,443)	(\$97,443)	(\$97,443)	(\$97,443)	(\$1,221,938)
Cost to Retire Utility Plant	\$0	\$0	(\$13,537)	\$4,664	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Construction Work-in-Progress	\$0	\$130,488	\$214,281	(\$29,004)	(\$7,618)	(\$7,618)	(\$7,618)	(\$7,618)	(\$7,618)	(\$7,618)	(\$7,618)	(\$7,618)	(\$7,618)	(\$7,618)	\$109,101
Contributions in aid of construction (CIAC)	\$0	\$416,400	\$42,400	\$32,684	\$12,128	\$25,947	\$34,075	\$52,872	\$56,030	\$75,442	\$52,491	\$35,872	\$27,970	\$0	\$447,911
Total Other Property and Investments	\$0	\$0	\$1,281	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Materials & Supplies - Electric and Other	\$0	\$0	(\$50,045)	\$16,685	\$0	\$0	\$0	\$0	\$0	\$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	(\$762,422)	(\$43,056)	\$14,957	(\$92,933)	(\$79,114)	(\$70,986)	(\$52,189)	(\$49,031)	(\$29,619)	(\$52,570)	(\$69,189)	(\$77,091)	(\$105,061)	(\$705,879)
FINANCING ACTIVITIES															
Margins & Equities	\$0	(\$361,881)								\$0				(\$361,881)	(\$361,881)
LT Debt - Additional Debt	\$0	\$530,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$170,000	\$360,000	\$530,000
LT Debt - Debt Service Payment	\$0	(\$161,676)	\$0	\$0	(\$39,562)	\$0	\$0	(\$40,128)	\$0	\$0	(\$40,701)	\$0	\$0	(\$41,285)	(\$161,676)
LT Debt - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total LT Debt	\$0	(\$161,676)	\$0	\$0	(\$39,562)	\$0	\$0	(\$40,128)	\$0	\$0	(\$40,701)	\$0	\$0	(\$41,285)	(\$161,676)
LT Debt - Payments Unapplied	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
LT Debt - Current maturities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Consumer Membership	\$0	\$0	(\$10)	\$15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Consumers Deposits	\$0	\$0	\$350	(\$100)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CASH FROM FINANCING ACTIVITIES	\$0	\$6,443	\$340	(\$85)	(\$39,562)	\$0	\$0	(\$40,128)	\$0	\$0	(\$40,701)	\$0	\$170,000	(\$43,166)	\$6,698
CASH FROM ALL ACTIVITIES	\$0	(\$89,335)	(\$33,051)	\$50,982	(\$89,423)	(\$60,677)	(\$50,374)	(\$56,587)	(\$7,271)	\$16,909	(\$52,553)	(\$32,292)	\$259,943	\$15,069	
TOTAL CASH BEGINNING OF PERIOD	\$581,647	\$479,562	\$479,562	\$446,511	\$497,493	\$408,070	\$347,394	\$297,019	\$240,433	\$233,162	\$250,071	\$197,518	\$165,226	\$425,169	
TOTAL CASH END OF PERIOD	\$479,562	\$390,227	\$446,511	\$497,493	\$408,070	\$347,394	\$297,019	\$240,433	\$233,162	\$250,071	\$197,518	\$165,226	\$425,169	\$440,238	

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

### General Discussion:

- The COVID-19 has obviously affected and will continue to affect our operations. Some of the items we are doing are:
  - We will work with members who are out of work or businesses that are shut down due to the closures on payment schedules if needed.
  - We have moved to a four 10-hour workweek. The closing of the schools and day cares have greatly affected some of our employees.
  - We have closed the Board room to outside groups and have discontinued employee meetings over a certain size in that room because of its small size.
  - We are handling cash with gloves and increased disinfectant.
  - We closed the office to the public but will continue to still staff the office during business hours.
  - We are planning on an abbreviated Annual Meeting.
  - Cancelling all travel until May and possibly longer.
  - We are identifying options of some employees working from home where it makes sense.
  - On the propane side, we have discontinued going into people's houses except for emergencies.
  - Sending out updates to members by e-mail and website. Jessica Dewbrey taking the lead on communications.
  - In event of an outbreak in Okanogan County, we have developed a contingency plan where employees would divide into two teams and each team would work two days out of the office and two days from home each week. The goal is to keep each team from being in close proximity with each other.
    - For example, one team would work out of the office on Monday and Tuesday while the other team would work from home, then vice versa for Wednesday and Thursday. Each team will keep separate and not be near members of the other team.
    - This will reduce the risk of all the employees becoming sick at once through one employee spreading the virus.

- We just received the “Hazard Tree Inspection Report” from our contract forester and there is a lot of work on trees that has been identified that the crew working from outside the office can work on.
  
- The Methow Valley Long Term Recovery Organization (MVLTRO), which we formed after the fires, has been resurrected for this crisis. We had an initial meeting on Tuesday (by conference call) to explore ways we can help Valley residents and local businesses through this crisis. The goal is to set up a one-stop-shop for information and federal and state resources that Valley residents and businesses can utilize. We are also brainstorming other ideas that can help the Valley. One of Senator Murray’s staff was on the call and will be a great resource for this. I am on the Board of MVLTRO. We will meet weekly and develop plans.
  
- At PNGC there was discussion about a potential formal carbon policy for PNGC. As we are so close to a 100% carbon neutral or carbon free portfolio, why not go ahead and become either 100% carbon free or carbon neutral? This would allow PNGC and OCEC to share our story of a 100% clean portfolio that uses everything in the “toolbox” to meet the goal, including offsets, RECs, ect.
  - The potential cost for OCEC to go 100% carbon free is between \$3,757 and \$18,783.
  - The potential cost for OCEC to offset 100% of emissions is between \$7,686 and \$15,372.

This concept will be included in the IRP and revised Strategic plan that is being formulated.