

COOS-CURRY ELECTRIC COOPERATIVE, INC.

Minutes of the Regular Meeting of the Board of Directors

February 20, 2020

I. PRELIMINARY

The regular meeting of the Board of Directors of Coos-Curry Electric Cooperative, Inc. (CCEC) was called to order at 9:19 a.m. on Thursday, February 20, 2020, by Vice President Georgia Cockerham, in the conference room at CCEC Headquarters office, Port Orford, Oregon.

Vice President Cockerham stated there was a quorum present. President Herzog was in attendance via phone. Also present were General Manager/Chief Executive Officer (GM/CEO) Brent Bischoff, Chief Financial Officer Frank Corrales, Jr. and Executive Assistant Shelly Smith-Napier. General Legal Counsel Tyler Peple was available by phone.

A motion was made, seconded, to approve, as presented, the regular Board meeting agenda and the motion carried unanimously.

Vice President Cockerham advised the Board that no member had applied, under P#300-030, to attend the Board meeting and speak to the Board.

A motion was made and seconded to approve, as presented, the minutes of the January 23, 2020 regular meeting of the Board of Directors. The motion carried.

II. CONSENT AGENDA

A motion was made and seconded to approve Items A through D under the consent agenda, to-wit: the list of new members for 01/2020; the members purge list for 02/2020, the GM/CEO's & Directors' expenses for 01/2020; and CCEC's attorney invoice. The motion carried unanimously.

IV. ITEMS OF BUSINESS

C. Cost of Service Analysis (COSA) Presentation – Steve Anderson EES Consulting (9:00 a.m.)

Mr. Anderson arrived at 9:20 a.m. introduced himself to the Board and gave an overview of his career with EES Consulting. He presented the steps involved in the rate setting process and reviewed the goals of a COSA. Study assumptions were explained. Mr. Anderson discussed the COSA findings and compared CCEC rate classes with their calculated cost-to-serve. He explained rate design considerations and key results of the analysis. Rate design options were presented with monthly bill impacts. Mr. Anderson responded to questions from the board and departed the meeting at 10:26 a.m.

D. 2020 Rate Design Discussion

CFO Corrales presented the Board with five options for the proposed 2020 2.23% overall rate increase to be effective with power bills rendered on or after May 1, 2020. The Board discussed the benefits and risks of each of the options presented. A motion was made and seconded to select Option #3. Discussion followed, a vote was had, and the motion carried unanimously.

- Residential: Option #3: 2.5% increase, increasing the monthly base charge from \$26.94 to \$28.38 and increasing the kWh charge from \$0.0941 kWh to \$0.0956 kWh.
- General Service Single Phase 34 and Three Phase 36: Option #3: 2.5% increase, increasing the monthly base charge from \$39.29 to \$41.35 for Single Phase and from \$50.52 to \$53.14 for Three Phase and increasing the kWh charge from \$0.0959 kWh to \$0.0975 kWh.
- Small Commercial Single Phase 44 and Three Phase 46: Option #3: 2.5% increase, with no increase to the monthly base charge of \$71.76 for Single Phase and \$117.94 for Three Phase and increasing the kWh charge from \$0.0676 kWh to \$0.0689 kWh for Single Phase and

increasing the KWh charge from \$0.0676 to \$0.0688 for Three Phase. For Single Phase increasing the demand charge from \$8.09 to \$8.46 per kW and for Three Phase from \$8.09 per kW to \$8.50 per kW.

- Large Power 48: Option #3: no rate increase; the monthly base charge remaining \$168.50 and the kWh charge remaining at \$0.0625 kWh, with no change to the demand charge of \$8.09 per kW.
- Commercial High Load Factor 40: Option #3: 2.5% increase, the monthly base charge remains at \$63.00, increasing the kWh charge from \$0.0358 kWh to \$0.0366 kWh and increasing the demand charge from \$19.97 to \$20.54 per kW.
- Irrigation - Single Phase Irrigation 25: Option #3: 3.5% increase, the monthly base charge remaining at \$26.94, increasing the kWh charge from \$0.0806 kWh to \$0.0831 kWh; and for Three Phase Irrigation 26 select Option #3: 3.5% increase, the monthly base charge remaining at \$39.29, increasing the kWh charge from \$0.0845 kWh to \$0.0871 kWh. Also, increasing the demand charge from \$8.09 to \$8.85 per kW of demand greater than 30kW per month for both Single Phase and Three Phase rate classes.
- Area Lighting & Public Street Lighting Rates: Option #3: 2.5% rate increase: increasing the monthly flat rate charge per light type and size as follows:

100 Watt-High Pressure Sodium	from \$17.77 to \$18.21
175-Watt Mercury Vapor	from \$17.77 to \$18.21
200-Watt High Pressure Sodium	from \$23.69 to \$24.28
250-Watt High Pressure Sodium	from \$23.69 to \$24.28
400-Watt Mercury Vapor	from \$23.69 to \$24.28
- Non-Metered Accounts Rates: Option #3: 2.5% rate increase: increasing the monthly flat rate charge from \$123.60 to \$126.69.

CFO Corrales departed the meeting at 11:06 a.m.

H. Curry County Update – County Commissioner Sue Gold (11:00 a.m.)

Commissioner Gold arrived at 11:06 a.m. Commissioner Gold complimented the board on CCEC's energy efficiency programs, outsourced IT services, the scholarship fund, and CCECF's Dolly Parton Imagination Library program. Commissioner Gold updated the board on county issues including the recent implementation of a Code Enforcement department, the county's new Strategic Plan for 2020-2025, re-establishing the Public Health department from contractor Curry Community Health, and briefly discussed the Sheriff's department and Road department. Commissioner Gold departed the meeting at 11:42 a.m.

III. MANAGER'S REPORT

Chief Financial Officer (CFO) Frank Corrales, Jr. arrived at 11:43 a.m. and gave the financial report remarking that 2020 financial results out of the chute in the new year are quite positive. KWh sold during the month of January 2020 were 4% higher than that of January 2019. Total Expenses, excluding cost of purchased power, for January 2020 were 4.5% under budget. Our bottom-line net margins are \$222,000 better than budget for 2020. With the cold mornings we are having, no major storm damage to our system, and 29 days in the month, February 2020 kWh sold and bottom-line margins should be better than budget. Corporate Services has begun to perform due diligence regarding CCEC possibly entering the broadband business, assessing the 85/15 rule impact, working on consolidated financial statements and grants, visiting with our bankers, and looking into how best to protect the rural electric cooperative side of our business to minimize the risk to our membership. Corrales reminded the board that the Conexon financial forecast projected a low consolidated TIER of 1.06 and a consolidated low equity level of 33.2% should we enter this business and that we need to take this risk very seriously. CFO Corrales departed the meeting at 11:49 a.m.

The January outage reports were reviewed.

The January asset disposal list was reviewed, the list included the Port Orford back-up generator.

The February safety report was reviewed. The January safety training for all

employees included CPR, AED, First Aid and BBP. There were no new accidents since the last board meeting.

The Tree Trimming report was reviewed. We are under budget and making good progress. Due to wildfire concerns, more members are requesting vegetation removal.

Coos Curry Electric Charitable Foundation (CCECF) is preparing to roll out the “luck of the draw” scholarships and the Bright Ideas Teachers grant programs. Currently there are only a few community members signed up for the Financial Peace University. The program start date may need to be delayed while more marking is done to fill all available seats.

CCEC received a Member Request for Information (Policy#300-040) and the request was approved.

IV. ITEMS OF BUSINESS *(cont.)*

A. Wholesale Power Issues (BPA, PNGC Power and PPC)

Oregon Governor Kate Brown issued a letter to Washington State Governor Jay Inslee stating that breaching four lower Snake River dams and increasing flexible spill would save the Orcas by improving salmon populations. Both ORECA and NWRP have responded in disagreement noting the removal of the dams, which contribute 1000 aMW to the regional power grid, would compromise resource adequacy and potentially cause blackouts for Oregonians.

B. Committee Reports

Policy Committee - The chair of the policy review committee, Director Cockerham, advised that, earlier in a committee meeting, the committee discussed the policies and/or rate schedules for review, proposed new, revised, or rescinded language.

A motion was made and seconded to approve the following proposed, revised policies:

- Policy #100-200 Identify Theft Prevention Program – has been deferred to March.
- Policy #100-300 Easement Modification Review Request, as revised, and the motion carried unanimously.
- Policy #400-070 Document Destruction & Retention Policy, as revised, and the motion carried unanimously.

C. Cost of Services Analysis (COSA) Presentation – Steve Anderson EES

Consulting

This item was addressed earlier in the minutes.

D. 2020 Rate Design Discussion

This item was addressed earlier in the minutes.

E. Broadband – USDA Meeting (Tuesday, February 25, 2020)

CCEC will be hosting meetings this Tuesday with invited guests Mr. Huffman, State Director of Oregon USDA Rural Development and Mr. Holman Oregon and Washington Field Representative for the USDA RUS Telecommunication Programs to discuss the proposed CCEC fiber to the premises broadband project and how it may relate to other rural development initiatives. Invited guests and members of the cooperative are also invited to attend.

F. Proposed Resolution 2020-02 0 RUS Broadband Funding Request

GM/CEO Bischoff presented the proposed Resolution No. 2020-02 and advised the Board of the purpose of the proposed resolution and responded to questions from the Board. Following a discussion, a motion was made to adopt Resolution No. 2020-02 – Rural Utilities Services (RUS) Funding Request, a

copy of which is attached hereto and incorporated herein by reference, authorizing CCEC to submit an RUS ReConnect grant application in the 100 Percent Grant Category for a maximum award of twenty-five million dollars (\$25,000,000). The motion was seconded and carried unanimously.

G. 2020 CCEC Annual Meeting – Announcement of Director Positions up for Re-Election

An announcement was made that two director positions are up for election. The positions are: District 1 & 2 At-Large, and District 4. Current board member McMahan (District 1 & 2 At-Large) has confirmed she will be running for reelection of her current position and current board member Robison (District 4) confirmed he will not be running for reelection of his current position.

H. Curry County Update – Curry County Commissioner Sue Gold (11:00 a.m.)

This topic was addressed earlier in the minutes.

I. Miscellaneous

2020 ACRE Membership forms are due and will be mailed to ORECA this week.

V. EXECUTIVE SESSION

The regular Board meeting adjourned to an executive session at 1:30 p.m. to discuss member issues, contract matters, and employee issues. The regular Board meeting reconvened at 1:41 p.m.

VI. ADJOURN

The next regular meeting of the Board of Directors is scheduled for Thursday, March 26, 2020, at CCEC's office in Port Orford, Oregon.

