

March 24, 2022



**CCEC Board of Directors Response to Georgia Cockerham Letter
Released to the Public on or about March 14**

The Coos-Curry Electric Cooperative, Inc. (CCEC) Board of Directors learned that board member Georgia Cockerham has distributed a letter in the Brookings area disparaging to CCEC and our subsidiary Beacon Broadband, Inc. (BBI). The letter contains many misconceptions and incorrect information and was distributed without approval of the Board.

One example from Ms. Cockerham’s letter. She stated, “Early this year the Board received CCEC’s 2021 actual year-end expenses. They were far less than those projected in the budget. The excess funds provided by the members’ rate increase have been used, not to cover the cost of providing electricity, but to cover costs incurred by the broadband project.”

While it is true that CCEC’s 2021 net revenue was higher than budget, it is absolutely incorrect that higher than expected revenue was given to BBI to cover costs of the broadband project. The audit of CCEC and BBI 2021 financial statements is near completion. The audited financial statements will clearly show that all funds transferred from CCEC to BBI result in a note of equal value payable from BBI to CCEC, plus interest.

The broadband project is being funded in part using CCEC’s financial strength. CCEC secures low interest loans using its strong equity position. CCEC then loans those funds to BBI to fund construction and operations. As BBI connects customers and establishes a revenue stream, it will repay loans from CCEC plus interest. This is the same commonly accepted model that has been used by other electric cooperatives that have pursued broadband.

As a Board we established clear direction to CCEC management that the broadband project will not be subsidized by electric rates. Management is following this direction to the letter.

CCEC is a not-for-profit organization. In July 2022, net margins from 2021 electric operations will be allocated to you, our members, in the form of capital credits, which are equivalent to equity in CCEC. We allocate capital credits to the members every year that we have positive net revenue.


Ultimately, all of Ms. Cockerham’s statements ignore and distort the careful deliberative process each of the directors on the CCEC board, as your representatives, has undertaken when deciding to move forward with BBI. Ms. Cockerham suggests, for instance, that the board made the decision to move forward with broadband once the membership voted to amend the bylaws to allow CCEC to provide broadband service. In fact, the decision was made not only after this vote, but also after more than two years of careful study of the risks and benefits to

CCEC members of a fiber-to-the-home broadband network – a study aided by extensive information gathering and outside experts. We are members of CCEC just like you and are deeply invested in ensuring the continued success of CCEC, which includes BBI.


We regret that Ms. Cockerham chose to distribute her letter filled with incorrect statements such as the examples above. While we share Ms. Cockerham’s conviction that CCEC’s members have the right to be informed of their cooperative’s business, unfortunately the manner in which Ms. Cockerham provided information is misleading and undermines your cooperative’s business interests.

CCEC management and employees are an accomplished team of electric utility experts with a proven track record of meeting Board-established strategic goals. BBI is staffed with equally talented and capable broadband experts. This Board has the highest degree of confidence in our teams at CCEC and BBI and in our business plan to deliver fiber broadband to every CCEC member who wants it.

For those who have questions about CCEC or BBI, we encourage you to attend this year’s Annual Meeting on June 16, 2022. This meeting is open to all CCEC members. The full board and management will be in attendance to address your questions.



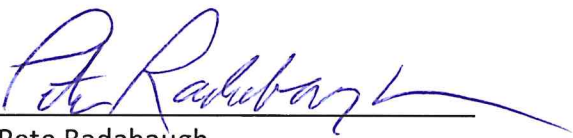
Jim Kolen, President



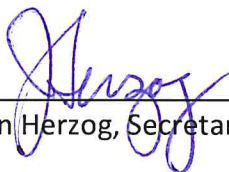
Dan Loshbaugh



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Pete Radabaugh



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