

COOS-CURRY ELECTRIC COOPERATIVE, INC.

..... FOR MEMBERS ONLY

From General Manager/CEO Buehler

BOARD OF DIRECTORS

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Our budgeting process is the time of year for reflection and planning. One thing is certain — we are planning in an environment that is different than we've ever experienced. CCEC is growing. Our membership base is changing. It's getting more challenging to keep the cost of electricity affordable, especially in an environment where every other commodity such as food, fuel, natural gas, copper, and building materials just keeps rising. Our goal is to provide the services you feel are important at a price you feel is affordable — for the long-term.

Our wholesale power supply is really the most critical because it represents over half of our total operating budget. Contracts with the Bonneville Power Administration (BPA) expire in 2011 and that means our wholesale power supply picture will change. Decisions must be made this year that will affect our membership for decades to come. BPA is already projecting a 4% shortage of what they need to serve electric consumers going into the new contract period. Having less resources available at a time when CCEC and the region is growing will certainly affect prices and reliability.

Today, the industry is dealing with Australian companies buying Montana Power and Warren Buffett's group purchasing PacifiCorp right next door to us. These are big, for-profit utilities. We're not. We're a small, not-for-profit cooperative providing local services. So, why do I mention them? Because, again, this represents our reality or "environment" and every utility has to deal with it. We gain the strength we need to be successful in this new environment through partnerships with other cooperatives, the Oregon Rural Electric Cooperative Association and the National Rural Electric Cooperative Association.

The region is also dealing with an aging transmission grid; and we're asking our transmission system — our way of moving power around — to do something different than it was intended to do when it was built. Since the southern Oregon coast is at the "end of the line" so to speak, we are utilizing technology like Automated Meter Reading and demand-side management programs to better manage peak demands, prolong the life of the existing system and help BPA defer huge expenditures to upgrade the system. With the projected growth in the Brookings/Harbor area, we'll also keep a close eye on the capacity of our own transmission facilities that serve the southern end of Curry county.

We also have more regulations in place and facing us — green power requirements, fish protection programs, transmission intertie scenarios — all of which relate directly to the availability and cost of our power supply. We will continue to be proactive and diligent in our efforts to plan realistically and put us in the best position possible for the future.

Annual Meeting

The 2006 annual meeting of the membership was held Saturday, June 24, 2006.

Over 600 people attended the meeting and heard a presentation by the board of directors that included the financial condition of the cooperative, long-term wholesale power supply planning efforts and a "State of the Cooperative."

Retiring board member Monte Lund from Myrtle Point was recognized. With the change in By-laws and restructuring of districts, Monte's position on the board ended in 2006. The board extended sincere gratitude for Monte's tremendous contributions in serving the CCEC membership for 26 years and said they would miss his knowledge and insights — and him.

The 2006 Annual Meeting was featured in the August 2006 edition of Ruralite. If you would like additional information or a copy of the articles, please contact any CCEC office.



CCEC-owned transmission facilities between Gold Beach and Brookings

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Outage

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From The Board Room

Each year, members elect people to represent them on the Coos-Curry Electric Cooperative Board of Directors. That's an important job and is not to be taken lightly. We assure you we take the confidence you have entrusted in us very seriously. We understand our job is to:

- Be responsible to you and represent the entire membership to the best of our abilities. After all, you have elected us to do just that and you expect that of us.
- Learn about the business of a cooperative and be an effective leader of our cooperative.
- Provide oversight and guidance for the cooperative, without personal gain or personal agenda.
- Put policies in place and provide direction that protects the assets, keeps the cooperative financially sound and prepares the organization for the future.

So, let's talk about our job and give you a "score card" of what we've accomplished in the past few months.

Representing the Membership

As with any governing board with new members, a certain amount of time must be spent in education, discussing concerns and proposed changes and gathering the background needed to prepare the cooperative for the future.

In the months leading up to the June election, the membership heard differing views about issues such as rates, future power supply, controlling costs and the growth we're seeing in our communities, particularly in the Brookings/Harbor area. Many of us on the board of directors have different philosophies

and views on how to approach each of these issues.

However, as a board, it is not only our job to discuss each of these issues that affect you; we must take the time to learn about each issue in depth and how they affect individual members and the membership as a whole. Then, it will be our job to work together to put policies in place that represent your interests to the best of our abilities. Will it mean every member will be satisfied with the result? Most likely not. But, that's what it means to be part of a governing board — do the best job you can to listen to individual members and make decisions based on what's in the best interest of the membership as a whole. That's our pledge to you.

Being Educated Board Members

According to our By-laws, we are required to take classes offered by the National Rural Electric Cooperative Association and become a Credentialed Cooperative Director within 33 months. We pledge to find ways to do so in order to be the best educated and best representatives for you.

But, we won't stop there. Since June, we have read through volumes of information about the cooperative's financial condition, future power supply scenarios, internal cost containment efforts, salaries and the workforce. We held a strategic planning retreat to discuss issues at hand and those on the horizon. We have met with our legal counsel and independent auditing firm to learn more about the overall condition of the cooperative.

Provide Unbiased Oversight and Guidance

In a press release announcing the board election results, we pledged to work as a unit for the benefit of the membership, to continue to listen to member-owners, to discuss issues in-depth before making decisions and to continue efforts to position the cooperative for future success. That remains our pledge.

Establishing Policies and Procedures

As a board, we continue to review policies and procedures to make sure we are meeting your needs and expectations for services while also making sure those services we provide are affordable.

We won't tell you that every discussion we have had as a new board has gone smoothly. What we can say is that our discussions as a board have been educational and passionate. Our cooperative has had its share of difficult financial times the past few years. We haven't been alone. Nearly every electric utility in the region had a difficult time trying to keep rates low during the Enron market manipulation and low-water years that affected our hydropower generation. As a new board, we've had to take a step back — more than once — and talk about where we've been, why some actions were taken and what we may have to do to get us to where we need to be.

We're discussing growth and who pays for it, an issue that goes right to the core of what a cooperative is all about. We're discussing long-term power supply. That's critical because our wholesale power cost represents over half of our operating budget and any significant increase goes right to your bottom line. We are discussing rates and how to structure our rates to recover the amount of revenue we need to not just operate, but operate in the "black." And, we are asking questions about the operation of the cooperative in order to explore gaining better efficiencies.

It's hard, time-consuming work and requires commitment and dedication. Thank you for putting your trust in us and we look forward to serving you.



Clockwise from top left: Pete Radabaugh, Grant Combs, Daryl Robison, Gary Schlottmann, David Itzen, John Herzog

..... For Members Only Newsletter

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