

COOS-CURRY ELECTRIC COOPERATIVE, INC. FOR MEMBERS ONLY



January 2007

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From General Manager/CEO Buehler

I'm happy to report that your electric cooperative is starting 2007 off with a better than expected financial picture. Our good fortune is, in part, due to the region having another good water year which translates to better than expected prices for wholesale power.

This is the second year in a row we've ended up in a strong financial position. Last year we shared our good fortune with the membership in the form of a one-time billing credit that we applied to the December electric bills. This year, your Board of Directors elected to return the good fortune in the form of a rate reduction for residential consumers. The reduction came in two parts — the Monthly Minimum Charge (MMC) of \$33.00 was reduced to \$22.75 per month and the Winter Block Rate for members using more than 1,000 kilowatt hours per month during December through April was raised from 4.68 cents per kilowatt hour to 5.3 cents. As you will recall from previous discussions of rate design, our total revenue (collected through the MMC and kilowatt hour charge) must cover our costs of doing business plus allow for future upgrades or investment in the electric system.

We made a certain set of assumptions in the budget and financial forecast with regard to wholesale power costs and growth. And, we had a lot of discussion about how if conditions change we would need to be ready to act quickly in order to protect the long-term financial health of the cooperative. We will continue to keep you informed.

Have a safe, prosperous 2007.

Round Up Program

Did you know that for less than \$1.00 a month you have an opportunity to help those needing energy assistance pay their electric bill? As a Round Up Program participant, your monthly electric bill is automatically rounded up to the next dollar amount. Those extra cents are sent to our program administrator, Community Action Council to determine eligibility and disburse funds.

Sign up today by calling any area office or by visiting our website at www.ccec.coop. If you wish to send a larger donation, you may send a separate check with your electric bill payment. Just be sure to clearly mark it "Round Up Program."

It's money that is collected locally and used locally — to help other members in need.

From The Board Room

Residential Rates Reduced

Beginning this month, members will see a reduction in their residential electric bills. After months of discussion, the Board of Directors approved the rate reduction for the residential rate class at their December meeting. Establishing a new Equity Management Policy and adopting a budget to guide 2007 operations helped pave the way.

The goal was to reduce rates; but enough revenue needed to be collected to cover operating costs and make appropriate investments in the electric system as outlined in the 2007 budget. To reach our goal, the Monthly Minimum Charge (MMC) and charge for energy consumption were adjusted for the residential rate class and MMC lowered for the general service accounts. For residential accounts, the MMC was lowered to \$22.75 per month and the Winter Block Rate for members using more than 1,000 kilowatt-hours (kwh) per month during December through April was raised from 4.68 cents a kwh to 5.3 cents a kwh. The MMC for general

service accounts was reduced by \$2.50.

The cooperative's target equity level was lowered to between 40 and 50 percent when we adopted a new Equity Management Policy. Equity represents the amount left over after the bills are paid and after we've made appropriate investments in our electric system. Each year, that equity is allocated to each member in the form of capital credits, based on the member's investment (or use) in the cooperative for that particular year.

This new policy's purpose is to set the equity and financial goals of the cooperative, consistent with the various regulations and operational practices prescribed by the Rural Utilities Service (RUS) and the National Rural Utilities Cooperative Finance Corporation (CFC) and also according to the Board's obligation to the membership to ensure the cooperative's financial integrity.

Budget Reductions

In addition to reducing the amount of membership equity, total revenue in the 2007 budget was reduced by \$1.5 million, including reducing the nearly \$2 million budget for tree trimming by \$387,000 and

deferring some building maintenance. The credit on wholesale power rates the cooperative received as a result of better than expected wholesale power rates from the Bonneville Power Administration (BPA) was used to offset wholesale power rates in 2007 instead of being returned to the membership as was the case last year when nearly \$1 million was returned.

Board member David Itzen abstained from voting on the rate reduction due to concerns about how the decision would affect the cooperative's financial health in the long term if the region has less than optimal water for generation or other circumstances change the "fairly optimistic" assumptions that were made in the budget.

Projects on Hold

Several capital projects were placed on hold in the 2007 budget, pending further information, including a multiyear project to complete the transmission line between Gold Beach and Brookings. Board member David Itzen supported the Board's request for more information on the project, but expressed concern that a lengthy delay would affect the cooperative's ability to provide reliable service to members in the Brookings/Harbor area.

Other Policy Changes

The service connection charge was reduced from \$200 to \$100 for each electric service/meter connected during regular working hours, defined as 8:00 a.m. to 4:30 p.m. Monday through Friday, excluding holidays; and from \$400 to \$200 for connections made outside normal business hours.



Clockwise from top left:

Pete Radabaugh, Secretary; Grant Combs, Vice-Chairman; Daryl Robison, President/Chairman of the Board; Gary Schlottmann; David Itzen, Treasurer; and John Herzog