

**OREGON TRAIL
ELECTRIC
COOPERATIVE**

ANNUAL REPORT

2021



**Oregon Trail
Electric Cooperative**

Your Touchstone Energy® Cooperative 

TABLE OF CONTENTS

CEO & BOARD PRESIDENT MESSAGE	2
BOARD OF DIRECTORS	4
MISSION AND CORE VALUES	5
OUR VISION	6
HIGHLIGHTS OF 2021	7
A CULTURE OF SAFETY	8
OPERATIONS	9
CONCERN FOR COMMUNITY	10
OTEC MEMBER FOUNDATION	11
FINANCIALS	12
WHERE OUR POWER COMES FROM	14
OTEC TERRITORY	15
OTEC OFFICE LOCATIONS	17

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Oregon Trail Electric Cooperative



Oregon Trail Electric Co-op



Les Penning
Chief Executive Officer



Wayne Overton
Board President

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Despite the challenging business climate, 2021 was a prosperous and good year for your electric cooperative. The effects of COVID-19 over the last two years continue to have a lingering effect on our local economy and way of life. Inflation is rearing its head and is contributing to higher costs nationwide and material supply chain issues on goods and services continue to constrain the global and our local economies. Despite these and many other continuing challenges, your cooperative has maintained competitive rates and remains in good financial condition, and we are optimistic about what the future holds for OTEC.

OTEC is governed by a diverse, engaged, and dedicated board of directors elected by you, the member-owners. The board's strategic direction and support has provided the conditions for OTEC to accomplish significant system improvements and infrastructure expansions this last year.

We continue to drive strong system performance at a 99% reliability rate by delivering clean, competitively priced electricity to your home and responding to outages in a timely manner. We maintain our reliability thanks to ongoing targeted investments into strengthening our infrastructure, through new capital projects that help fortify our more than 3,000 miles of power lines. In 2021, we completed new capital projects with an investment of more than \$6 million dollars.

One unique benefit of being a member-owner of a cooperative is that you receive a return on your investment in OTEC through capital credits. Because we continue to have a strong equity position, in 2021 the Board of Directors approved the retirement of \$3 million in capital credits, tied for the third highest in OTEC's history. Capital credits remain one of the most visible and important benefits of being a co-op member and returning your investment is a key indicator of financial health. Since OTEC's inception in 1988 we have retired more than \$49 million back to our member-owners.

Even though many economic factors are driving costs in every sector of our economy, OTEC is happy to be positioned not to raise rates in 2022, making it the third year in a row we've avoided a rate increase. There are many factors behind us not raising rates. One of the most decisive was using our influence on our wholesale power supplier, Bonneville Power Administration, to hold its rates steady, which is passed to utilities such as OTEC as we purchase its clean, carbon-free hydropower.

The COOPERATIVE Principles

- Voluntary & Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy & Independence
- Education, Training, & Information
- Cooperation Among Cooperatives
- Concern For Community

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Our commitment to the safety of our employees and the communities we serve endures as an ongoing and key value at OTEC. Building our culture of safety remains the highest priority and we are incredibly grateful for our team's focus as we did not incur any significant on-the-job injury for any employee in 2021. We continue to leverage our resources for the benefit of our community's safety. In 2021 we established a relationship with Baker Technical Institute (BTI) and partnered together to develop a new safety platform to augment and advance OTEC's safety services. The program provides industry support and collaboration for BTI to also deliver those services to utilities across the Pacific Northwest.

A major area of focus for OTEC is wildfire mitigation. We were fortunate to not have any major fires in OTEC's service territory in 2021. However, recent west coast wildfire activity and devastating events reaffirmed OTEC's focus and commitment to reduce wildfire threats in our service territory. We remain vigilant in our mitigation efforts through active planning and risk mitigation. We formalized our comprehensive wildfire mitigation plan, which extensively details programs to adapt our system to evolving fire-related conditions, implementing advanced weather stations to sub-monitor critical circuits, and enhancing operational practices to mitigate the potential for ignitions and increase system hardening.

We know fires could occur across our territory, 85% of wildfires are human caused and we want to ensure OTEC's resources of which you own are aligned with the rural fire departments that serve the same membership as OTEC. At the end of the day, we know fires will happen and it is about how quickly we put them out. You will see a continued advancement of coordination and resource support with rural fire departments across our service territory, as we recognize how important those organizations are in protecting our communities and natural resources. Aligning and growing our relationship with rural fire departments is one piece of how to better prepare for disasters and support our membership.

We additionally were excited in 2021 to launch the OTEC Member Foundation, which oversees OTEC's existing charitable and scholarship programs and has elevated initiatives such as Dolly Parton's Imagination Library and our Member-to-Member Bill Round Up Program. These programs continue to ensure support of education and early literacy, supporting our youngest members to our eldest.

Here at OTEC we will continue to uphold our mission to safely provide reliable electric and related services that support the economy and quality of life for you, our member-owners. We are driven by the cooperative principles to elevate OTEC's member satisfaction to be in the top 10% of cooperatives nationally, by innovating and diversifying services to grow and provide added value to members.

Thank you for the opportunity to serve you, the member-owners,

Les Penning

Wayne Overton

Les Penning, Chief Executive Officer
Wayne Overton, Board President





Wayne Overton
Board President



Aletha Bonebrake
Vice President



Gary Miller
Secretary & Treasurer



David Baum
Director



Austin Bingaman
Director



Robert Cargill
Director



Charlene Chase
Director



George Galloway
Director



Greg Howard
Director

The OTEC Board of Directors is elected to set policy and rates for the Cooperative. The Board of Directors are elected by the member-owners of the cooperative, demonstrating the cooperative principle of democratic member control. OTEC members can depend on the board to represent their interests, because directors are also member-owners of the cooperative. Directors serve a three-year term, with elections taking place during the annual meeting on a rotating basis.

CORE VALUES



OUR MISSION IS TO SAFELY PROVIDE RELIABLE ELECTRIC AND RELATED SERVICES THAT SUPPORT THE ECONOMY AND QUALITY OF LIFE FOR OREGON TRAIL ELECTRIC COOPERATIVE MEMBERS BASED ON THE COOPERATIVE PRINCIPLES.

OUR VISION

OUR VISION IS TO BE IN THE TOP
10% OF MEMBER SATISFACTION OF
COOPERATIVES NATIONALLY BY
INNOVATING AND DIVERSIFYING
SERVICES TO GROW

STRATEGIC AREAS OF FOCUS

Member Value

- Power supply and rate stability
- OTEC Member Foundation

Growth

- Community development
- Workforce development

Innovation

- Community solar
- Wildfire mitigation and rural fire department collaboration
- Safety advancement



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HIGHLIGHTS

Cooperation Among Cooperatives: After a severe winter storm swept through western Oregon, OTEC answered a mutual aid request from fellow co-op Consumers Power, Inc. after its infrastructure suffered severe damage, leaving its members left without power for days. OTEC sent a four-man crew that worked non-stop for a week to restore power. An example of the power of the cooperative network and proof that the cooperative spirit is alive and well.



Second EV Charging Station Installed In John Day

To continue promoting the benefits of driving an electric vehicle (EV) and to support the local economy, OTEC installed our second EV charging station in John Day. OTEC's first EV charging station was installed in Burns in 2020. The project was launched to promote not only a green energy future, but encourage tourists who drive EV's to stop, charge and see all that the communities OTEC serves have to offer.



SCAN ME

MAIL-IN MEMBER PAYMENTS ARE NOW PROCESSED LOCALLY. ALL MEMBER PAYMENTS ARE NOW PROCESSED IN ONE OF OUR FOUR LOCAL EASTERN OREGON DISTRICT OFFICES

SAFETY



First responders are often first on scene of an accident and face the greatest risk from any electrical hazard, so OTEC continues to host trainings for local first responders on downed power line and electrical safety utilizing our innovative, virtual reality, 360-degree videos.

At Oregon Trail Electric Cooperative, we go above and beyond to make safety a top priority. Not just for our employees, but for the members and communities we serve. 2021 was a testament to the strength of how serious we take safety. OTEC recorded no serious on-the-job injuries and continued to hold monthly safety meetings to elevate our employee's awareness of hazards they may encounter out in the field and around OTEC's offices.

As part of OTEC's mission of safety, we constantly work to continue educating our membership and the general public on the importance of safety around electricity. That includes articles, press releases, videos and even holding an art contest for children with an electrical safety theme.

OTEC took part in multiple safety demonstrations at local schools across our service territory, as well as utilized our innovative virtual reality, 360-degree videos to hold downed power line safety training with local first responder and industry representatives in all four counties that OTEC serves.



OTEC held various safety demonstrations for local elementary and middle schools cross our service territory

OTEC By the Numbers



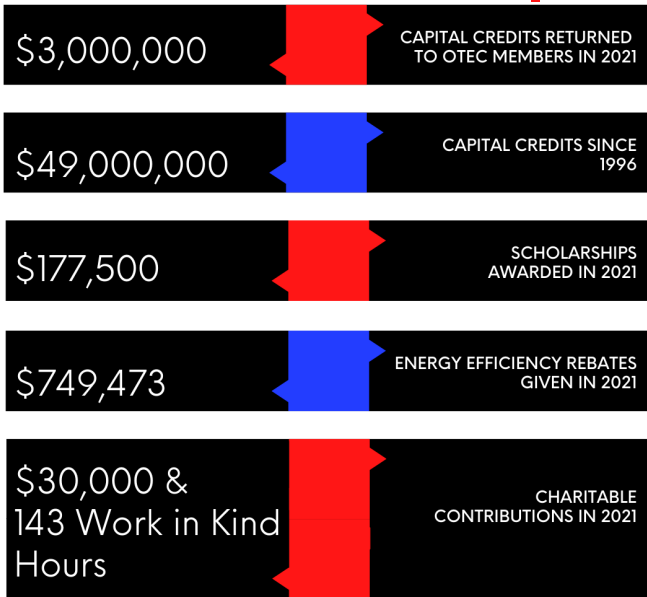
*All-inclusive residential rate includes \$33.50 delivery charge and \$.06797kWh. Average cost based on total annual residential usage.

Wildfire Mitigation

One of the highest risks in OTEC's territory is wildfires, something OTEC takes seriously. The following projects were completed in 2021 in high risk fire areas as part of our ongoing mitigation efforts.

- Converted over six miles of overhead conductor to underground in three different forested areas.
- Inspected and completed maintenance on 1,308 facilities in fire areas.
- Successfully piloted pole mounted weather stations to provide localized data in fire areas.

CONCERN FOR COMMUNITY



In 2021, OTEC launched its first internships for the co-op's first cohort of OTEC-EOU Rural Scholarship recipients. The four students, having completed their freshman year at Eastern Oregon University, each participated in a 120 hour summer internship with OTEC to learn about the electric utility industry, cooperative values and gain real world experience.

The OTEC-EOU Rural Scholarship was conceived by OTEC and EOU as an incentive to retain local students at the university through graduation, and perhaps keep them in Eastern Oregon for their careers.

As part of OTEC's strategy of prioritizing community support and growth, partnering with EOU to award four all tuition paid scholarships each year allows OTEC to invest in local communities directly, support local students and return value to OTEC member-owners through the internship projects at OTEC!



EDUCATING OUR MINI-MEMBERS

With some pandemic restrictions loosening and local students returning to school, OTEC was thrilled to take part in several events at area schools, teaching kids the importance of safety around electricity, what it takes to work in the electrical utility industry and about hydropower and where their power comes from. OTEC even got to take part in a couple of annual Egg Drops, a classroom favorite!



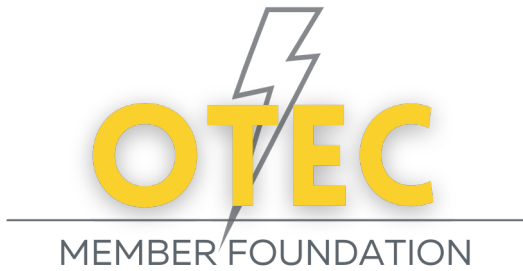
SCAN ME



OTEC OUT & ABOUT IN OUR COMMUNITIES!

Even though the pandemic continued to affect every day life, OTEC took the opportunity to show our community support by taking part in several parades, festivals and celebrations throughout 2021. Our employees logged nearly **2000 hours of volunteer time** in our communities.

OTEC MEMBER FOUNDATION



OVER
54,000
 books were mailed out to
 children in Grant,
 Harney, Union & Baker
 Counties since 2019

1,400+
 CHILDREN
 received books

READING BOOKS TO YOUR CHILD CAN STIMULATE THEIR IMAGINATION

SIGN YOUR CHILD UP TO RECEIVE A FREE BOOK IN THE MAIL EVERY MONTH through Dolly Parton's Imagination Library!

Scan for details or visit otec.coop

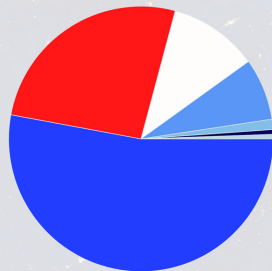
Oregon Trail Electric Cooperative

Dolly Parton's Imagination Library began in 1995 in Dolly's hometown of Locust Ridge in Sevier County, Tennessee. The program provides age-appropriate books every month to children up to age 5. Books are mailed directly to the home, and are addressed to the child.

OTEC is proud to sponsor this program!

Statement of Revenues and Expenses		
	2021	2020
Total revenues	\$ 59,383,158	\$ 56,138,766
Operating expenses		
Cost of purchased power	\$ 27,257,003	\$ 27,160,288
Distribution expenses	7,587,969	7,295,419
Consumer accounts expense	1,623,589	2,386,706
Administrative and general expenses	8,383,580	7,898,430
Depreciation and amortization expense	5,043,673	4,988,128
Taxes	1,874,175	1,822,139
Interest expense	1,920,474	2,055,766
Total cost of electric service	\$ 53,690,463	\$ 53,606,876
Patronage capital or margins	\$ 5,692,695	\$ 2,531,890

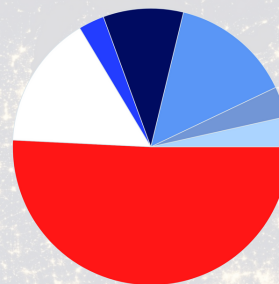
REVENUES IN



Residential	31,426,033	Commercial	15,585,296
Industrial	6,484,848	Irrigation	4,475,360
Other Utility	739,586	Public Highway Lighting	345,421
Non-Operating Margins	326,614		

HOW YOUR CO-OP'S DOLLAR IS SPENT

(cents on the dollar)



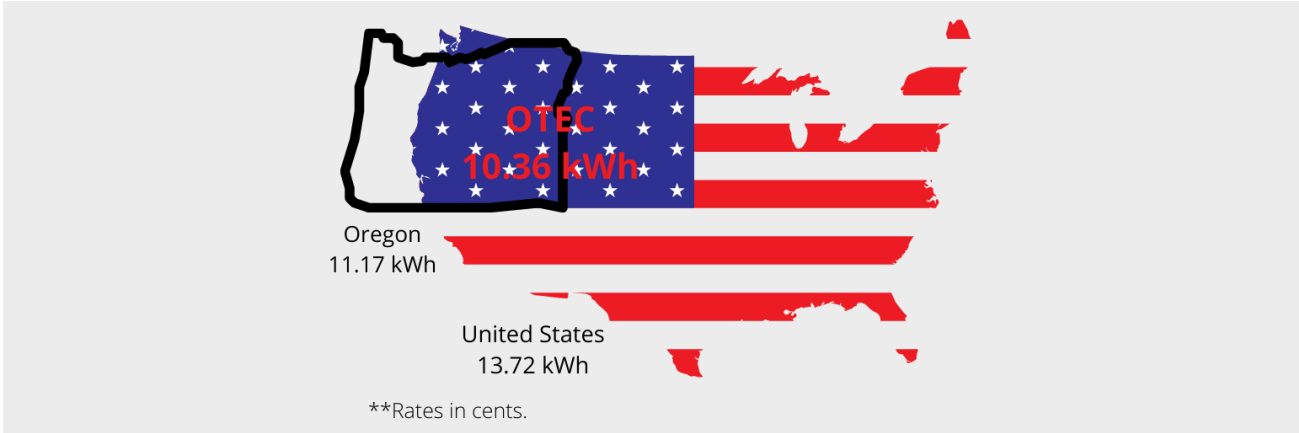
Purchased Power	27.3	General & Administration	8.4
Consumer Accounts	1.6	Depreciation	5.0
Distribution/Maintenance	7.6	Interest	1.9
Taxes	1.9		

ECONOMIC DEVELOPMENT

OTEC supports economic development projects in the communities it serves. For more information visit us at: <http://economicdevelopment.otec.coop>

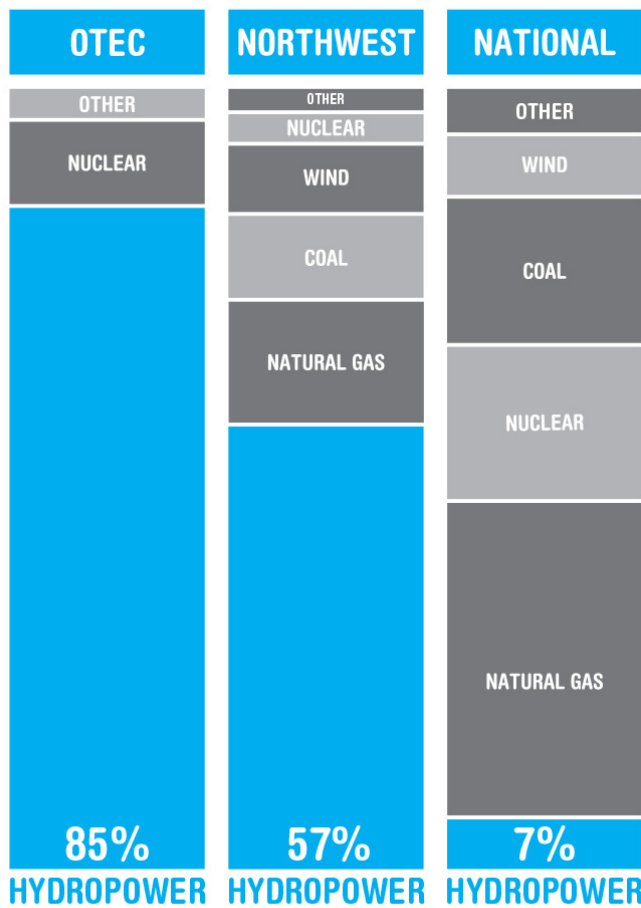


Balance Sheet		
	Assets 2021	Assets 2020
Non-current assets		
Utility plant (net)	\$ 101,781,750	\$ 101,587,009
Other property and investments	8,380,661	8,195,934
Total utility plant and investments	\$ 110,162,411	\$ 109,782,943
Current assets		
Cash and temporary investments	\$ 8,343,010	\$ 7,240,809
Notes and accounts receivable (net)	7,036,530	6,859,124
Material and supplies - electric	5,237,936	4,295,761
Other current and accrued assets	537,193	424,044
Total current assets	\$ 21,154,669	\$ 18,819,738
Deferred debits	\$ 558,873	\$ 1,143,962
Total assets	\$ 131,875,953	\$ 129,746,643
Equities and Liabilities		
Equities and margins		
Memberships	\$ 232	\$ 232
Patronage capital	73,547,198	70,867,057
Other equities	2,049,560	1,943,402
Total equities and margins	\$ 75,596,990	\$ 72,810,691
Long-term debt		
Mortgage notes	\$ 40,163,555	\$ 41,886,158
Other long-term liabilities	802,965	938,875
Total long-term debt	\$ 40,966,520	\$ 42,825,033
Current liabilities		
Notes and accounts payable	\$ 8,104,176	\$ 7,358,055
Other current and accrued liabilities	6,371,302	6,022,565
Total current liabilities	\$ 14,475,478	\$ 13,380,620
Deferred credits	\$ 836,965	\$ 730,299
Total equities and liabilities	\$ 131,875,953	\$ 129,746,643



VALUE OF HYDROPOWER

Energy Sources



THANKS TO NORTHWEST RIVERS AND THE CARBON-FREE HYDROPOWER THEY PRODUCE, OUR CUSTOMERS BENEFIT FROM CLEANER ENERGY.

HYDRO POWER FLOWS HERE

*ALL FIGURES 2020 ENERGY GENERATED



OTEC purchases 100% of its power from the Bonneville Power Administration with **97% being carbon free**, the majority of which comes from hydroelectric.



OTEC
member-owners
*take the best pictures of
our service territory!*



**Oregon Trail
Electric Cooperative**
Your Touchstone Energy® Cooperative 



Photo by: Eric Valentine



Photo by: Gail Hescoock



Photo by: Betty Wilcox

Beautiful &
Breathtaking
Eastern Oregon



Oregon Trail
Electric Cooperative

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LA GRANDE DISTRICT

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Putting Our Energy To Work For You
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