



Oregon Trail Electric Cooperative

ANNUAL REPORT

2020

PUTTING OUR ENERGY
TO WORK FOR YOU



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CEO & BOARD PRESIDENT MESSAGE

2020 was a unique year in many ways, most of which can be linked to the Covid-19 pandemic. Everyone was affected differently, but many members of our communities were impacted economically, societally, and culturally. OTEC was no different. Changes were made such as closing our offices in March to walk-in business and many employees began working remotely. For the first time in the cooperative's 33-year history, we held our Annual Membership Meeting virtually via an internet livestream.

Gov. Kate Brown's "Stay Home, Save Lives" executive order created financial hardship for many of our member-owners due to closed businesses, lost jobs, and the resulting economic downturn that impacted not only our region, but supply chains across the world. OTEC was one of the first utilities in Oregon to suspend service disconnections, an action taken by our Board to assist with financial hardships for our members. OTEC's Board emphasized that we help with payment options as members begin financially recovering. Those efforts continue today.

Your cooperative's Board of Directors also stressed the need to elevate our support of local communities in any way we could. We donated tens of thousands of dollars to local charitable organizations, schools, and directly to local first-responder agencies that needed help throughout the year. Those charitable donations also continue as we write this, as do our other community focused initiatives funded through our unclaimed capital credits. One such program is Dolly Parton's Imagination Library, a program that delivers free books to children under 5 and is funded through a partnership with the James & Shirley Rippey Family Foundation. We consider this the first scholarships to our youngest members and essential for early childhood development. Another important program is our scholarship program, awarding more than \$150,000 last year in academic, trade, and lineman school scholarships to local students. We also launched the OTEC-EOU Rural Scholarship Program in 2020, in which we partnered with Eastern Oregon University to award four deserving local students four years of free tuition and fees at EOU. This unique program includes summer internships at OTEC.

To further our commitment to community and find new ways to support our member-owners, the Board of Directors approved the forming of a 501(c)(3) foundation to leverage additional community support. The OTEC Member Foundation now oversees OTEC's existing charitable programs to support our member-owners, families, and communities in the four counties we proudly serve.



Les Penning
Chief Executive Officer



Charlene Chase
Board President



CEO & BOARD PRESIDENT MESSAGE

Despite the hardships we all faced this past year, there are also more moments that your cooperative wants to celebrate. We continue to have a strong equity position. In 2020, the Board of Directors approved the retirement of \$3 million in capital credits, the third-highest return in OTEC's history. Capital credits are 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.

While OTEC's office personnel continued to provide quality service while working remotely, our line crew's fieldwork did not slow down. We invested more than \$5 million to maintain and upgrade our infrastructure to continue to maintain our system reliability, which is always one of our top priorities. That includes rebuilds and upgrades to substations and transmission lines and other capital projects to improve our capacity and reliability, which we are proud to say is rated at 99.97%.

Safety is and continues to be our top priority at OTEC. We are proud to maintain a disciplined culture of safety within the cooperative. We continue to leverage ways to improve the safety of our employees and communities and we are excited for some of the safety training opportunities to benefit our members coming up in 2021.

Wildfire mitigation is a critical aspect of our safety program and an area in which we are constantly vigilant. We will not forget the devastation of last fall's catastrophic fires and the lives lost. OTEC was fortunate to escape a major wildfire in 2020, but those events reaffirmed our ongoing efforts that are detailed in our Wildfire Mitigation Plan to reduce wildfire threat in our four-county service territory. For instance, we are continuously hardening our system by building infrastructure such as poles, wires, and equipment to continue to avoid potential fire hazards. We also inspect the condition of wood poles in high fire areas and selectively replace with alternative materials such as fiberglass or steel if necessary.

We are also proud that in 2020, we continued to prioritize innovative technological advancements to support our member-owners. One way we accomplished that is by leveraging the Clean Fuel Credits program to install our first high-capacity electric vehicle charging station in Burns, followed by John Day with a third station to be completed in Baker City by mid-2021. Our region is an ideal place to drive an electric vehicle since 85% of our power comes from carbon free hydroelectricity and other renewable energy sources.

The future of your cooperative is bright, but we know we have all been tested and challenged this past year to varying degrees. Here at OTEC we appreciate the privilege of serving you, our member-owners. We all take our responsibility of delivering safe, reliable, and competitively priced electricity seriously and we will continue to do so. Since we are member-owned, we exist to serve the needs of our members and that mission will not waiver.

Les Penning

Charlene Chase

BOARD OF DIRECTORS



Charlene Chase, President
Position 9 - Baker County



Wayne Overton, Vice President
Position 5 - Baker County



Aletha Bonebrake, Secretary & Treasurer
Position 2 - Baker County



George Galloway, Director
Position 1 - Union County



Robert Cargill, Director
Position 3 - Harney County



G. Austin Bingaman, Director
Position 4 - Union County



Gary Miller, Director
Position 6 - Grant County



Greg Howard, Director
Position 7 - Union County



David Baum, Director
Position 8 - Union County



OUR MISSION & CORE VALUES

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

CORE VALUES

SAFETY

ADAPTABILITY

ECONOMIC STEWARDSHIP

COMMITMENT TO

COMMUNITY/MEMBERS

COMMITMENT TO

EMPLOYEES

RELIABILITY

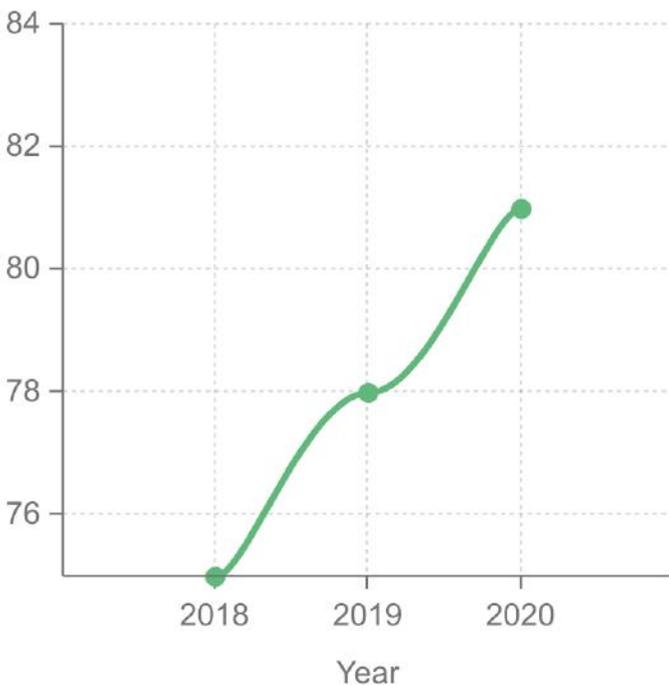
INTEGRITY

CORPORATE STRATEGY

OUR VISION

OTEC's strategic vision is to be in the top 10% in member satisfaction among electric cooperatives nationally. Our vision guides our strategic projects, priorities and how we conduct business every day. This is measured by a member service survey that is conducted annually which provides innovating and diversifying services to grow.

American Consumer Satisfaction Index (ACSI)



* current top 10% score is 86%



Member Value - we are committed to demonstrating and advancing the value of being a member-owner of OTEC.

Growth - through supporting our communities' priorities and goals we can work together for community vitality and health to obtain sustainable growth.

Innovation - we know innovation is essential to advancing our ability to deliver and maintain safe, reliable, competitively priced power.

Team, Culture, & Technology

We are dedicated to investing in our most important resources, our people, and the tools and technology they need to do their job.

2021 HIGHLIGHTS

Cooperation Among Cooperatives

After devastating wildfires caused mass destruction and loss of life in towns across Oregon, OTEC answered a mutual aid request from Consumers Power, Inc. whose infrastructure was severely damaged. OTEC sent resources to the town of Detroit in Marion County to help rebuild a main line to restore power. A perfect example of cooperation among cooperatives.



All Electric Vehicle - kEVin



OTEC was proud to unveil its newest member, an all electric vehicle named kEVin. kEVin is the result of OTEC's strategic priority to advance innovative technology and to demonstrate that cost differential of EVs is beneficial to OTEC for interoffice travel. To learn more visit <https://otec.coop/electric-vehicles-evs>. To further promote the benefits of driving an electric vehicle and to support the local economy, OTEC launched a project to install EV charging stations across the territory, the first of which was deployed in Burns and pictured above.

A CULTURE OF SAFETY



Virtual Reality Safety Videos

O TEC continues to use the latest technology to educate communities on how to safely coexist with power lines. O TEC produced an innovative virtual reality, 360-degree video that focuses on agricultural safety around power lines. There are two videos, one filmed at a farm in Union County and one filmed in Baker County in partnership with first responder agencies. The videos engage the viewer like no other media format, putting viewers in the drivers seat to show the dangers related to farming equipment in proximity to power lines. O TEC is the first electric cooperative in the nation to use virtual reality to share safety awareness and education to the public.



Wilderness First Aid Training

Before the onset of the covid-19 pandemic, in a unique collaboration, O TEC partnered with Baker Technical Institute to provide advanced first aid training to field personnel who are often in remote areas both on and off the clock. We know when in remote areas, medical response can take awhile. The investment in this training prepares our employees to respond to emergencies involving their coworkers, our members and the general public.



OPERATING STATISTICS

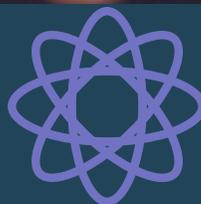
01	31,076	Total number of active meters
02	3,000	Miles of electric line
03	9.83	Average cost per residential kWh
04	10.35	Average number of meters per mile of line





CONCERN FOR COMMUNITY

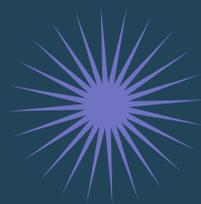
Since the onset of the COVID-19 pandemic, OTEC has continued its mission to keep the lights on, keep its employees, members and the general public safe and give back to the communities we serve. That includes charitable contributions and donations to more than a dozen community organizations, kids programs, county fairs and first responder agencies. OTEC and OTEC employees volunteer time and work-in-kind projects to give back to their communities.



\$3,000,000 in capital credits



\$150,000 in scholarships awarded



Nearly **\$30,000** in charitable contributions to our communities



\$505,229 in efficiency rebates



\$29,653 in buy local rebates

2020 CONCERN FOR COMMUNITY



FREE BOOKS
every month
FOR CHILDREN
Ages 5 & Under
to all OTEC members

**~BAKER, UNION, GRANT
+ HARNEY COUNTIES
~NO INCOME GUIDELINES**

For more information or to
sign up visit
<https://otec.coop/dolly-partons-imagination-library>



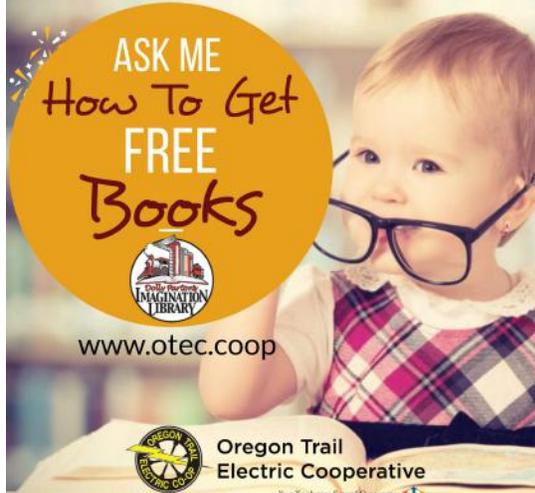
Your Touchstone Energy® Cooperative

Over 50,000
Books Mailed Out
in Union, Baker,
Harney & Grant
Counties in 2020

DOLLY PARTON IMAGINATION LIBRARY

In 2018, Oregon Trail Electric Cooperative partnered with the Dolly Parton Imagination Library program and The James and Shirley Rippey Family Foundation to pay 50 percent of the cost for a new Imagination Library Program through the use of the OTEC scholarship fund, which is funded by unclaimed capital credits. OTEC's scholarship committee and the board of directors approved the cooperative becoming a major funding sponsor for at least five years. With this funding in motion, the Imagination Library became a reality for Eastern Oregon counties. For just \$24, you can sponsor books for a child for an entire year, visit <https://otec.coop/member-foundation> to learn how.

This program gave
over 1500 books
each month to
children in the
OTEC territory



ASK ME
How To Get
FREE
Books



www.otec.coop



Oregon Trail
Electric Cooperative
Your Touchstone Energy® Cooperative

FINANCIAL PERFORMANCE

Statement of Revenues and Expenses

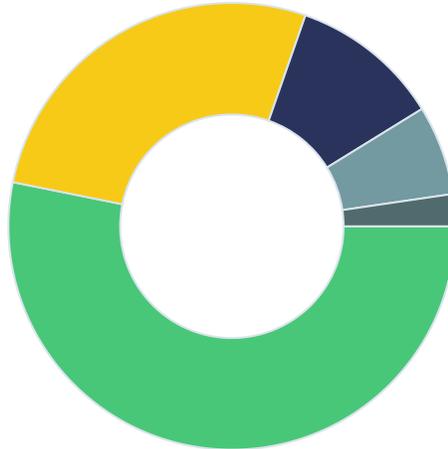
Line		2020	2019
1	Total revenues	<u>\$ 56,138,766</u>	<u>\$ 57,068,380</u>
	Operating expenses		
2	Cost of purchased power	\$ 27,160,288	\$ 27,426,631
3	Distribution expenses	7,295,419	6,528,256
4	Consumer accounts expense	2,386,706	2,495,932
5	Administrative and general expenses	7,898,430	7,852,506
6	Depreciation and amortization expense	4,988,128	4,920,613
7	Taxes	1,822,139	1,826,768
8	Interest expense	2,055,766	2,212,894
	Total cost of electric service	<u>\$ 53,606,876</u>	<u>\$ 53,263,600</u>
9	Patronage capital or margins	<u>\$ 2,531,890</u>	<u>\$ 3,804,780</u>



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

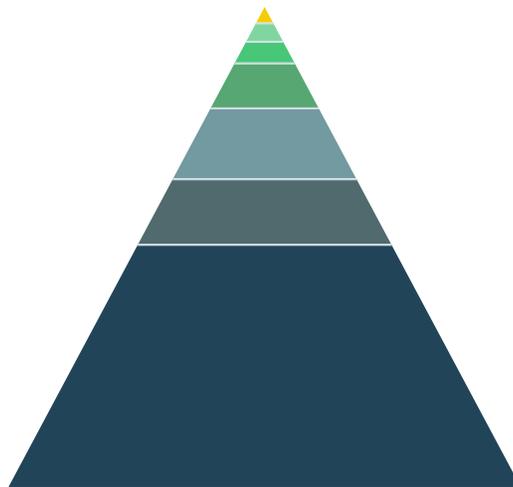
FINANCIAL PERFORMANCE

Revenues In



■ Residential	29,845,256	■ Commercial	15,257,476
■ Industrial	6,095,848	■ Irrigation	3,641,554
■ Other Revenue & Interest	1,298,632		

How Your Co-op's Dollar Is Spent (cents on the dollar)



▲ Purchased Power	50.7	▲ Distribution/Maintenance	13.6
▲ General & Administrative	14.7	▲ Depreciation	9.3
▲ Consumer Accounts	4.5	▲ Interest	3.8
▲ Taxes	3.4		

FINANCIAL PERFORMANCE

Balance Sheet

	Assets 2020	Assets 2019
Non-current assets		
Utility plant (net)	\$ 101,587,009	\$ 103,410,501
Other property and investments	8,195,934	8,009,083
Total utility plant and investments	<u>\$ 109,782,943</u>	<u>\$ 111,419,584</u>
Current assets		
Cash and temporary investments	\$ 7,240,809	\$ 8,663,804
Notes and accounts receivable (net)	6,859,124	6,449,635
Material and supplies - electric	4,295,761	2,619,599
Other current and accrued assets	424,044	509,311
Total current assets	<u>\$ 18,819,738</u>	<u>\$ 18,242,349</u>
Deferred debits	<u>\$ 1,143,962</u>	<u>\$ 1,687,922</u>
Total assets	<u>\$ 129,746,643</u>	<u>\$ 131,349,855</u>

Equities and Liabilities

Equities and margins		
Memberships	\$ 232	\$ 229
Patronage capital	70,867,057	71,353,394
Other equities	1,943,402	1,815,058
Total equities and margins	<u>\$ 72,810,691</u>	<u>\$ 73,168,681</u>
Long-term debt		
Mortgage notes	\$ 41,886,158	\$ 43,375,314
Other long-term liabilities	938,875	777,865
Total long-term debt	<u>\$ 42,825,033</u>	<u>\$ 44,153,179</u>
Current liabilities		
Notes and accounts payable	\$ 7,358,055	\$ 7,189,940
Other current and accrued liabilities	6,022,565	5,607,977
Total current liabilities	<u>\$ 13,380,620</u>	<u>\$ 12,797,917</u>
Deferred credits	<u>\$ 730,299</u>	<u>\$ 1,230,078</u>
Total equities and liabilities	<u>\$ 129,746,643</u>	<u>\$ 131,349,855</u>

Headquarters

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Burns District Office

567 W. Pierce St.
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John Day District Office

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John Day, OR 97845
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La Grande District Office

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541-963-3155



Oregon Trail Electric Cooperative

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