



A Touchstone Energy® Cooperative 

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Departments

Customer Service Option 3
Engineering Option 4
Marketing Option 5
Operations Option 6

**After-Hours Outage and
Emergencies: (541) 536-2165
or (800) 752-5935**

OFFICE HOURS

Monday through Thursday
7 a.m. to 5:30 p.m.
Closed Fridays and holidays

BOARD OF DIRECTORS

President

Leland Smith, Sunriver

Vice President

Alan Parks, Fort Rock

Secretary/Treasurer

Diana Cox, Christmas Valley

Vic Russell, Fall River

Robert Reed, La Pine

Gordon DeArmond, Crescent

Ron Sommerfeldt, Gilchrist

Ken Wilson, Chemult

Bud Kendall, La Pine

Board meets the fourth Monday
of each month at the co-op office.

STAFF

General Manager

Dave Schneider

Operations/Engineering Manager

Steve Hess

Marketing Manager

Teresa Lackey

CFO/Accounting Manager

Jami Bartunek

Information Services Manager

J.D. Powers

Attorney

Raymond Kindley

OR-23

Manager's Message

Dear Member:

Midstate Electric Cooperative's 66th annual meeting, held May 12 in La Pine, was well attended. With 409 registered members and their guests, there were more than 900 people in attendance.

Before the business meeting began, attendees enjoyed a barbecue, health fair, displays, high-voltage safety demonstrations and bucket truck rides.

At noon, Board President Lee Smith welcomed members to the meeting. In his president's report, Lee spoke about the changes taking place in the electric utility industry that will require us to adapt.

Lee spoke in depth about electric cars, trucks and SUVs. He referenced an article published by the National Rural Electric Cooperative Association that stated, "If you think electric cars are just a lot of hype, you're about to be left on the side of the road." The author went on to say, "This is the largest opportunity for electric cooperatives to grow load since the invention of air conditioning."

Lee said that in a few years, it could be possible for MEC to replace gasoline companies as the largest seller of automobile fuels in our service area: kilowatts of electricity.

Derek Moody of Blodgett, Mickelsen and Adamson gave the auditor's report. With assets of more than \$64 million, margins of more than \$3.04 million and equity of 45 percent, the cooperative is positioned to succeed.

I gave an update on events that have happened since the 2017 meeting, current events and where we are going.

Margins for year-end 2017 were higher than expected due to the cold weather. The system saw a peak of 114 MWs with

a record number of 440 million kWh delivered. The higher margins allowed us to return \$1.5 million in capital credits to members. We were able to accelerate our tree-trimming program, clearing more than 92 miles of distribution lines. Getting the legally required clearance between power lines reduced the number of minutes members were without power, declining by 37 percent from 2016.

A few issues facing MEC are centered on complex energy policies. Oregon legislators are looking at implementing a cap-and-invest bill—a mechanism that will cost Oregon citizens by taxing large carbon-emitting businesses that manufacture goods, on production of electricity and even on fuel at the gas pump.

A federal judge has granted the state of Oregon increased spill over Columbia and Snake river dams. This poor policy will potentially kill fish, have a \$40 million financial impact to Bonneville Power Administration ratepayers and possibly replace clean hydro generation with carbon-emitting generation.

We believe it is wrong to charge members more and to waste electricity. We will fight these harmful policies to the best of our ability.

MEC has an aging electrical system that requires upgrades and replacement. We have nearly 30,000 wooden poles and nearly 780 miles of direct buried cable. We are accelerating our replacement programs to ensure reliability.

Members running for board positions—Vic Russell, District 1; Bob Reed, District 2; and Diana Cox, District 8—were unopposed, and therefore re-elected to serve for additional three-year terms.

General Manager Dave Schneider