

# Readers Lend Their Voices... *continued from page 4*

experience has shown some property owners block full-easement clearance. This results in at-risk trees falling and severing transmission lines. This causes higher electrical costs and higher monthly bills to all co-op members.

Power of One recommends:

- Each property owner be notified of WOEC easement rights.
- Each property owner be notified of pending right-of-way clearing, before it occurs.
- Each property owner be notified if proper clearance is prevented by the property owner, the owner will be liable for the electrical transmission costs involved from interruptions caused by the owner's trees.
- WOEC contract with one or more of the many logging outfits in WOEC's service area to handle clearing of larger trees.

**The Questions:** A. What is your current policy for both private & public lands?

B. What steps will WOEC take to accomplish the above recommendations?

**4. Tree Trimming:** WOEC has three types of easements for its power lines. Recorded easements specifying easement width, unrecorded easements acquired through the presence of the line for a specified duration of time (quite common when the utility first began providing power), and statutory rights to occupy public right-of-way.

The specific concern expressed by the group is the damage to utility lines caused by "at-risk trees falling and severing transmission lines". WOEC implemented an enhanced (as compared to 7 years ago) tree trimming program when we added a second tree trimming crew in 2006. This has resulted in fewer and shorter tree-caused outages. The issue remains that WOEC's easements and Oregon law restricts removal of trees outside the easement or public right-of-way absent the landowner's permission.

In any event, removing all trees with the potential for contact with a power line in West Oregon's heavily forested service area would be cost prohibitive.

**5. SELECTION FORMAT FOR OUTSIDE SERVICES:** Competitive bidding is the norm for outside services to cooperatives.

**The Questions:**

A. Were the contracted services for the new headquarters obtained through competitive bidding?

B. What criteria were used?

C. Are competitive bidding procedures used for accounting, legal, tree trimming, construction and other professional services?

D. If not, what process was used and why?

**5. Selection Format for Outside Services:** The following process was used for the new headquarters construction:

A. WOEC hired a real estate consultant to assist in the search for a suitable site, including a market analysis to determine reasonable purchase price.

B. WOEC submitted an RFP for the construction bids to six contractors to which three responded within the time frame. Emphasis was put on finding the most "local" contractor possible. The contractor chosen worked out to not only be the lowest cost and most

local, but also a fourth of their employees are Co-op members. The successful bidder was tasked with using local goods, services, and hiring as much as possible.

Clatskanie PUD completed its new headquarters building the year before construction of WOEC's HQ. The reported cost of the Clatskanie construction is approximately \$174 per square foot. WOEC's new headquarters was built for \$120 per square foot.

C. Through networking with Oregon cooperatives, WOEC has an accurate range for outside consultant costs (e.g., auditing, legal). WOEC is considering issuing an RFP for upcoming auditing services.

WOEC has contracted with the following outside tree trimming companies; Trees, Inc. and Powerliners so it can compare costs among these providers. WOEC's choice of tree trimming contractors is a combination of cost comparison and the actual amount of work the contractor is able to provide at the stated fee.

Each project the Co-op hires out to contractors goes through an RFP and bidding process, no matter how large or small the project. Our contract engineering firm reviews them as well as our attorney before the board approves them. When the Co-op moved into our new facilities, we also went through a bidding process for our landscaping and cleaning services to obtain the best price and quality of service. Preference is always given to local contractors as long as the price, ability to perform, and quality of service parameters are met.

**6. MERGER / ACQUISITION EXPERIENCE:** In the past, WOEC has considered changing its business plan or selling to another utility; e.g., Tillamook Peoples Utility District.

**The Questions:**

A. Historically, what specific business options have been considered and attempted?

B. What happened?

**6. Merger/Acquisition Experience:** West Oregon has always been open to merger, acquisition and/or sale. The reality is the reason West Oregon exists in the first place is no other utility provider was willing to serve WOEC's service territory. WOEC has been approached by, and engaged in discussions with, potential buyers. However, such discussions never advanced beyond preliminary stages after the buyer's initial due diligence. Any such sale would require member approval.

In 1999, WOEC was approached by PGE concerning WOEC's acquisition of a portion of PGE's Northwest Oregon service territory. After extensive due diligence, and negotiation of a purchase price that made sense for the West Oregon membership as a whole, the sale was precluded by public utility district annexation of the offered territory.

In 2006, the General Manager approached the CEO of PGE to inquire about the possible purchase by WOEC of territory that would not only make the areas the Co-op serves contiguous, but would provide the utility with additional service area with higher growth potential, increase our base membership, and better diversify our base load. PGE indicated it was not interested in selling their territory at that time.

**7. CO-OP CONNECTIONS PROGRAM:** A

local pharmacy will no longer accept the Connections Card from WOEC members. The Co-op Connection company did not disclose, in their sales information, to that pharmacy that they would be billed \$3.95 per prescription in addition to the discount given.

**The Questions:**

A. Who is the parent company of the Co-op Connections card?

B. How is the card delivered to WOEC?

C. What fees are paid by either participating businesses or WOEC?

D. Has WOEC verified satisfaction of participating businesses on a continuing basis.

**7. Co-op Connections Program:** Participating pharmacies have signed contracts with the prescription savings groups/claims processor "New Benefits and Health Trans" used by many discount programs. Touchstone/Co-op Connections just uses this network of pharmacies that have the agreements in place, so there is not a contract with Co-op Connections directly. In order for a pharmacy to accept any plan, insurance or discount, the pharmacy contracts with a claims processor. The pharmacist must use a processor to determine the amount a consumer or insurance company will need to pay. The discounted price with the Co-op Connections® card is around the same amount as what the pharmacist gets paid as a reimbursement from an insurance carrier. There is no reimbursement to the pharmacy with the discount card because they are getting paid the agreed upon rate by the member at the point of service. Since there is no insurance claim involved in the discount process the processing fee is collected by the pharmacist directly from the member. The member pays the amount that includes the cost of the drug and the dispensing/processing fee. The processing fee is used to cover the administration costs of the processor and resellers.

These agreements were signed long before WOEC even knew about the Co-op Connections program. These pharmacies are a part of the discount networks whether we have the Co-op connections program or not. There are many pharmacies including Fred Meyers, Rite Aid, Walgreens, Target, etc. that honor the prescription discounts with the New Benefits and Health Trans networks that the Co-op Connections program use.

A. The Parent company of the Co-op Connections program/card is Touchstone Energy which is a nationwide alliance of 740 member owned electric cooperatives. Touchstone is a brand identity and provides co-ops access to programs and materials that we would not be able to afford on our own.


B. The Co-op Connections cards are printed by a Touchstone vendor and made available to Touchstone cooperatives at low rates due to volume printing. WOEC distributes the card to our members in the annual meeting mailing so no additional postage was required to distribute the cards. There has only been the original distribution and then the updated card was sent out this year due to additional programs being added to the benefits of the card.

C. The businesses (other than the pharmacy agreements

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