

The Sounding Board

By Jack Phillips

Editor's Note: Jack Phillips represents a group of citizens calling themselves "Power of One" (Pwr/1). Pwr/1 recently submitted a series of questions to the Board of Directors of the West Oregon Electric Cooperative (WOEC); those questions were published in the November 13 issue of Vernonia's Voice in our "Readers Lend Their Voices." section. In our December 25 issue Vernonia's Voice re-published those questions along with the response from WOEC, also in "Readers Lend Their Voices." The following article was submitted to Vernonia's Voice following the response from WOEC.

PART ONE: Why Power of One has spoken out: West Oregon Electric Co-op (West Oregon) has had the highest electric rates in Oregon for a decade. Dissatisfied Members, individuals and businesses have left. Other members have formed a group called "The Power of One" (Pwr/1) to ask hard questions and call for a special audit. Remember, cooperative organizational structure is this: the Membership controls the cooperative. It elects a Board who is charged with directing Policy. The Board hires a General Manager to conduct day-to-day business. It is not the other way around. What problems exist? Well, a high rate /KWH, and what causes them, is one. Generating our own energy is another. Additionally, there is a challenge, for the Membership in obtaining operational and rate information. What about day-to-day operations and government regulation? Many people believe there are strong government rules controlling every aspect of West Oregon's operations. What happens is West Oregon deals only with a certain part of law regarding energy and nonprofits. Mostly, it operates independently, on its own and in association with other co-op associations and groups. These groups can get in trouble. For example, the NRECA, the National Rural Electric Cooperative Association, a group West Oregon participates in, was fined, last June, by the Federal Department of Labor for \$27.3 Million Dollars! This was for alleged excessive compensation and fees for services rendered, a violation of Federal Law. The NRECA deals in various services, including Health Insurance, Retirement Plans and Financing. Interestingly, the

NRECA recently made a presentation to West Oregon on modifying employee benefits at a Board Meeting open to the Membership. When a request for copies of the presentation was made, Marc Farmer refused saying the data was "proprietary and confidential" to the NRECA and WOEC. This is in violation of our West Oregon By Laws and Cooperative organizational structure. Other than legally confidential personnel records, what is the problem? What other information is being withheld? How does this affect the electric bills we pay each month? Can operations be improved and our rates lowered? This is why questions have been asked and a special performance audit requested.

PART TWO: Eight issues were presented as questions to the WOEC Board by Pwr/1. The Board published their reply December 25th in *Vernonia Voice*. Pwr/1's response follows:

1. A Performance Audit was requested. The Board stated two audits already exist. (1) an annual, comparative nationwide survey by the National Rural Utilities Cooperative Finance Corporation (NRUCFC); and (2) a "Proprietary, Confidential" survey by the Oregon Rural Electric Cooperative Association (ORECA). The 2nd survey's results are held in secret by the Board and General Manager. What use is it to the Membership in overseeing co-op business if membership is not allowed access to this document? Alternatively, the Board said, "If an audit were to be conducted, the National Consulting Group (NCG) would do it for \$21,000." No other companies were cited. What is the point? The ORECA report already exists and was paid for by the Membership. Why the withhold?
2. Information on Board efforts to research and develop local energy generation was requested. In response, the Board did not address the issue. Rather, almost as a distraction, they stated the BPA provides 9% of their energy from Wind and "other" sources; 11% from nuclear; and 80% from large-dam hydroelectric. What does that have to do with lowering our current electrical rates? Interestingly, the Board stated BPA is 100% carbon free. That is incorrect. BPA's vast plant and transmission networks require massive amounts of fossil-based fuels, vehicles, aircraft, materials and personnel support. During periods of peak energy demand, when BPA cannot meet demand, coal,

oil, nuclear and natural gas are the main backup components. Each has a massive carbon footprint. What is the Board doing for producing its own energy? It is engaged in an obligatory minimum production of energy, 2% from a Corvallis landfill methane gas generator, an experimental coastal wave project and a distant solar project in Eugene. No other research-and-development into local wind, solar or micro-hydro has been done. In stark contrast, other utilities and businesses are going forward. On January 27th through the 29th at Corvallis, the Northwest's premiere gathering of energy conscious industries and organizations is taking place: The Conference of Harvesting Clean Energy 2013. There is a full-page ad in the December 7, 2012 issue of The Capital Press. Where is West Oregon Electric?

3. Billings: Pwr/1 asked about an improved format so members could better manage and conserve their use of electricity. The Board answered that by next July, an improved system, called "Smart Hub" will be in place. Members will be able to access usage data, see their bill, ask questions and make payments. This is a good step. Why six months from now?

4. Tree Trimming was asked about: Presently, for the Board, this is a complex issue. Their answer stated easement and property access are problems; that property owner permission and three different types of easements complicate matters. Further, miles of forested rights of way exist causing falling trees and chaotic outages. Budgeting for this is a problem. Their solution has been to stabilize these costs by retaining independent tree trimmers. Two companies have been hired. Is this approach effective? The companies come from outside Columbia County, one from eastern Oregon. Pwr/1 feels in-house, local skilled workers would do a better job, for less total cost and benefit our area. Money earned and spent here, stays here.

5. The Board was asked about outside services and competitive bidding. The new headquarters building was specifically asked about. A real estate consultant was retained. Six contractors were asked to bid. Cost has been stated as \$120 a square foot. When the building was proposed, a Membership survey was mailed out. Very few people responded. It has been pointed out repeatedly by Marc Farmer that 80% of those who

responded approved. This created an impression most of our Membership approved. That is not the case. When the final public hearing was conducted the survey data came out, but it was too late. That night the Board approved construction. What kind of atmosphere does such action create? What have been the affects on our electric rates? Our trust? What were the actual costs?

6. The Board was asked about selling WOEC or a merger. They answered that they are open to a sale or merger, but that no other utilities want our territory. Pwr/1 believes a sale or merger would be beneficial if it resulted in lower rates. Only one way to find out: make an effort to do just that.

7. The Board was asked about the Connections Program and the discounts involved. The Board's answer was complicated. This raises the question: "Is it more work than it is worth in administrative time, effort and higher energy rates?"

8. The Board was asked about upgrading Membership Communications. They answered they have plans to improve communications with an improved web sight by July 2013.

Some final thoughts: The costs to West Oregon from net metering, energy rebates and shrinking membership cause a loss of income. To make up for this each co-op member must pay higher rates. That is a Catch 22. The solution is to own and operate our own energy generation and protect ourselves from having to accept whatever BPA decides to dish out. BPA already is selling off "future blocks of energy" because of inadequate income/expense ratios. What possibly could be next? Clean, renewable, sustainable energy is the answer. Let's start with focused Research-and-Development and improved West Oregon operations, including an audit as a first step.

An effective co-op depends on membership participation. It begins with you! Take part. Comment, pro or con, on Pwr/1's blog: utilitymembershoppowerof1.blogspot.com

The WOEC Board meets on the third Tuesday of each month at 7:00 PM in the community meeting room at the WOEC headquarters. The public is welcome.

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