

# An Opinion: You Don't Have To Like the Rate Hike, Just Understand It

By Scott Laird

On September 17<sup>th</sup> the Board of Directors at West Oregon Electric Cooperative (WOEC) held their regular monthly meeting and were scheduled to consider a rate increase. The membership of the co-op was invited to attend the public meeting to take part in the discussion and a large, overflowing, and very vocal crowd gathered. The board, management and staff listened patiently to their members for almost two hours and then the board voted to approve a 14% rate increase which began on October 1, 2013.

WOEC General Manager Marc Farmer has explained why this rate increase is needed; you can read his explanation in this issue on page 7. Without going into all the details here I can say this-I may not like the rate hike, but I can see and understand the reasoning behind it.

Every time this community sees utility rates increased it dies just a little bit. We have high electric rates. Not as high as some people would have you believe, but certainly they are high. These high rates obviously make it hard for residents to live here and for new people to chose to move here. It also makes it hard for businesses to stay here and hard for this community to attract new industry and business. I don't like these higher rates and I don't like the implications for our community.

That being said, I have heard and listened to the Board and staff explain the reason behind these increases and understand the implications of not implementing them. They make sense. What I found hard to understand is the way some co-op members are responding. When the issue of higher electric rates was brought to them for comment in a public meeting, certainly there were some ideas presented to the board and management by members in polite and respectful ways. There were also reasonable questions asked and valid concerns raised, which is certainly the prerogative of the membership and was the point of the meeting. But there were also numerous uninformed accusations, and lots of finger pointing.

As a co-op, which is run democratically, we elect a Board of Directors to make the difficult decisions for us. We have a Board of Directors who are expected to be knowledgeable and well-read about the intricacies of the day-to-day operations of the co-op.

We have a Board of Directors who have been given the job of understanding the co-op's annual budget and deciding how to make it operate for us on a yearly basis.

I think it's good when co-op or community members show up at public meetings, whether they are City Council or Committee meetings, School Board Meetings or co-op meetings, and voice their concerns. I think it's great when people participate in the process and take time to show up and inform themselves. I think it's even better when they bring ideas and possible solutions to the issues they are concerned about.

At this meeting I heard numerous calls for letting the membership vote on this rate increase. I heard talk about changing the co-op structure and getting rid of or re-calling the Board of Directors. The co-op is a democracy they said, let us vote! But the membership should be careful what they ask for.

I don't know about you but I certainly don't want an under-informed membership voting on operational issues at my co-op. I don't want to have to wade through a binder of technical information every month so I can make informed decisions. And I really don't want people who didn't bother to consider the information making decisions for all of us either. I like the Board of Directors system.

Being angry at the Board of Directors makes very little sense to me. They are all WOEC customers, just like you and me, who pay the same rates as us. Apparently some people don't understand that they are volunteers and are our friends and neighbors in our community. They spend an inordinate amount of time reading and studying the issues they are asked to decide on. They don't like raising rates and they don't like paying high rates. They have all the facts and are the best informed to be making decisions on our behalf.

We just had elections for two positions on the Board of Directors this past summer. Both incumbent candidates ran unopposed. No one took the initiative to run against them. A write-in campaign was launched at the last minute against Bob Paleck for District 5. Paleck was re-elected and held onto his seat. Who could blame the membership? I know I wasn't going to vote for someone who didn't take the position seriously enough to turn in their paperwork in time to be properly placed on the ballot. Besides that, Paleck is

smart and well read and understands the complexity of the operations of the co-op, including alternative energy production, better than just about anyone. He is exactly the type of person that should be serving on the Board of our electric co-op.

Making cuts to save money in the budget is difficult. I've served on the City Budget Committee in the past and observed as the School Board has wrestled with their budget issues. These types of budgets are complicated and usually leave little wiggle room.

But really, they are just like household budgets, except they have employees and are larger. You have revenues and you have expenses and they both have to match. When trying to find savings in the budget, you can make small cuts to certain expense line items or make a percentage cut across the board, just like you might try to cut back on your expenses at home. But these generally don't add up to much, certainly not enough in this WOEC situation to avoid some kind of a rate increase. Go ahead and try it at home. Try to cut 10-15% from your home budget; my guess is you will have to give up something significant.

The only way to make real cuts in these types of budgets is to cut employees. If you cut personnel you are able to gain relief from not just salary expenses but also from benefits. These are some of your largest expenses and offer one of the few places to save real money. The School District and the City have both made this decision during recent budget sessions.

But cutting personnel means a loss of jobs in our community. It means friends and neighbors losing their livelihood.

Cutting personnel also means cutting services. When I moved here ten years ago I was told to be prepared for power outages on a regular basis. And that's what happened, the power would go out almost anytime the wind picked up, often for long periods of time. Since then the co-op has worked hard to improve their service. I don't experience those same outages or long waits any more. Cutting personnel, or not bringing in extra crews during weather emergencies to help with repairs will absolutely mean longer outages and delays.

So that's basically where I see it; raise rates or cut services.

I don't know if there is a realistic

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solution to the high rates at WOEC. I do know that General Manager Marc Farmer will no longer be here to deal with it. Farmer, who in my opinion has done a lot to reform the co-op and make changes that, yes have cost money, but have also improved the service of the co-op, has announced his resignation; he will leave WOEC in December. I certainly have to wonder who the Board will be able to attract for the position given the current climate in the community.

If the WOEC membership is intent on creating change, they need to listen to, and work cooperatively with the staff, management and the Board to find realistic solutions. After all, they are the ones with the information. And most importantly, the members need to understand how the co-op operates.

There are no easy answers.

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