

WOEC to Raise Rates October 1st

The Board of Directors at the West Oregon Electric Cooperative (WOEC) voted at their September 22, 2015 meeting to approve an increase to both the base rate and the per kilowatt hour (kWh) charge.

The rate adjustment includes a \$2 increase of the base rate from \$37 to \$39. It also includes an increase in Block 1 rates for usage below 1500 kWh/month of 6.14%, from 13.85 cents to 14.4 cents, and an increase in Block 2 rates for usage over 1500 kWh/month of 6.37%, from 10.51 cents to 11.18 cents.

According to WOEC General Manager Bob Perry, the average residential account, using 1000 kWh/month, would see an increase of \$10.50 on their monthly bill beginning in November. The rate increase will raise approximately \$600,000 in revenue.

The Board deliberated for several hours and took into consideration input from members that was received at a rate hearing on September 16. About 30 members attended that rate hearing and expressed concerns and frustration at the continual rise in rates for electricity to members of the co-op.

In a written announcement from WOEC of the Board's decision to increase rates it was noted that the push nationally among electric utilities is to increase the base charge faster to recover more of the fixed costs to operate the utility. According to the announcement, the Board felt that increasing the base rate too quickly would have a disproportionately negative impact on members using less than 1000 kWh per month and believed the approved increase would spread the rate adjustment more

equitably across all rate classes while still generating needed revenue.

The WOEC rate increase was due in part to an announced region-wide increase of 7.1% in wholesale power rates by the Bonneville Power Administration (BPA), effective October 1, 2015.

In addition, Perry and WOEC comptroller David Western told members at the September 16 rate hearing that WOEC had experienced decreased revenue during the past year of approximately \$500,000 due to the mild winter the service area experienced which resulted in less than anticipated use of electricity by members.

Perry, in an interview following the Board meeting, said that WOEC is in the process of receiving approval for a \$5.2 million loan from Rural Utility Services at 2.5% interest. WOEC would then pull approximately \$2.5 million from that loan for approved projects, including replacing depleted reserves with \$1 million, paying off some short term lines of credit, and funding several projects that are part of the current work plan, which extends through 2018. Those improvements to the infrastructure would improve reliability of service of the co-op and includes shortening the span of transmission lines on the Chapman-to-Vernonia line, replacing underground lines near Hagg Lake, undergrounding the line that goes over the mountain at the Vista Ridge Tunnel on Highway 26, and the implementation of a plan to re-establish a work relationship with PP&L to provide service for customers of the Necanicum substation in the event of an emergency.

Perry confirmed that WOEC has approximately \$19 million in long term debt, a point that was brought up in the rate hearing meeting. When asked how the co-op accumulated so much long term debt Perry explained that it makes sense for WOEC to borrow money at the low rates available to them and spread the cost of infrastructure improvements over many years. Perry explained that this "trans-generational equity," which extends for as long as 35 years or more at times and is depreciated over time, is a regular part of conducting business for any utility. "This is an economic concept that is sometimes difficult for people to grasp," said Perry. "People in charge of this co-op borrowed money 35 years ago to put in infrastructure and we are still paying on some of those loans; it all adds up. As we borrow new money, old debt will be paid off. This is going to continue on in perpetuity as we borrow money and pay it off."

Perry noted that approximately \$9 million of the long term debt is from repairs made following the flood of 2007 and several other major storms, stating that FEMA only paid 50% of damages, meaning the co-op had to pay 50% of costs associated with those storms.

Perry told the membership at the rate hearing that the WOEC annual budget is approximately \$10 million, of which the discretionary budget is just 2%.

"Rates will not be going down," said Perry in the interview following the Board meeting. "That's just the nature of this business in this locality."

Opponents Fill FERC Hearing to Testify Against LNG Projects

Local activists filled the docket for the Federal Energy Regulatory Commission's (FERC) public hearing on September 19, 2015 in Vernonia. The hearing was scheduled to hear testimony on the proposed Oregon Liquid Natural Gas (LNG) shipping terminal in Warrenton and the Oregon LNG Pipeline project that would run near Vernonia and transport LNG across Columbia County, traversing Rock Creek four miles above the water intake for the City of Vernonia's drinking water.

About 60 people were in attendance at the Vernonia Schools Commons for the FERC hearing to hear public comment on FERC's draft Environmental Impact Statement (EIS). All 26 people who testified spoke out against FERC's conclusions and asked them to reconsider their views on numerous portions of the document that was released in August.

The draft EIS is a complex document of over 900 pages with 20 additional appendixes and assesses the potential environmental effects of the construction and operation of the projects. According to the draft EIS, FERC's staff concluded that approval of the proposed projects would result in some adverse environmental impacts, however most of those impacts would be reduced to less-than-significant levels with mitigation by Oregon LNG.

Local opponents of the projects have organized to ask questions, give testimony and

bring awareness of the potential hazards of the projects. They have received assistance from Columbia Riverkeeper, an environmental protection organization.



Steve Calhoun

For ten years citizens in Oregon and Washington have successfully helped defeat several LNG proposed projects.

At the FERC hearing local citizens spoke against the project to a panel of FERC staff who were there to hear the testimony. Among the testimony was:

- Diana Peach discussed the potential of fraq outs from horizontal directional drilling, the technique which would be used to install the pipeline underneath Rock Creek. Peach told the panel that use of this technique frequently leads to the drill fracturing the river bed bottom. Peach pointed out that in the EIS FERC acknowledges that this often occurs and leads to inadvertent releases of drilling fluid, which could impact Rock Creek

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Vernonia's Natural Choice Now Open

Recreational retail sales begin on October 1st

Vernonia's Natural Choice, a medical marijuana dispensary and retail shop, is now open at 886 Bridge Street.

The "pot shop," which opened its doors and began providing medical marijuana in mid September, will begin selling retail weed to recreational users, along with the rest of the state of Oregon, on October 1, 2015

Wendy Brisbin, co-owner of the shop, says the business has received a temporary permit from the State of Oregon for six months to conduct recreational sales. Brisbin says anyone 21 years and older, with a proper ID, can purchase up to a quarter ounce of marijuana per day. Concentrates and edibles are still only available to medical marijuana patients.

Brisbin says retail consumers need to show ID, which will be recorded to ensure that no customer exceeds the quarter ounce limit per day.

Brisbane says sales have been slow while the business has been open to only medical marijuana patients.

"We'll have to see how it goes," said Brisbin. "We expected it to be slow at first, but this is how things are going to progress."

