

WOEC 1995 audit report shows nearly \$9 million in long-term debt

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costs on a per-mile basis, even after being asked to do so, several times, by people in the audience. He did say that Oregon Public Utilities Commission representative Jim Stickles inspected the Coop's lines recently and found no infractions.

Two members of Kenneth Kuhn & Co., the auditing firm employed by the board, reported the findings of their just concluded audit. After a brief explanation of what was included in the audit, they launched into the figures: At the end of 1995, the Coop's assets totaled slightly more than \$15,000,000, of which \$13,000,000 represented the physical plant (poles, wires, transformers, etc.). Also included in assets was \$84,800 in the checking account, an amount the auditors noted was less than the prior year.

Balancing the assets were \$15,000,000 in liabilities, most of which—almost \$9-million—is long-term debt to RUS and CFC. The auditors noted that a significant portion of that debt has been acquired in the last two years. The Coop also has to come up with \$1,300,000 soon to

repay a short-term loan from CFC. The coop will owe its employees \$230,000 in retirement, and its members equity of \$3,450,000, which represents a 23% ownership of the Coop.

According to the audit report the Coop lost \$37,000 on power sales of \$5,076,000, but other income (pole rental, investments, etc.) gave the Coop a net operating margin of \$16,286 for the year. The Coop should have made \$240,000 to be in compliance with their mortgage agreement with RUS, the auditors told the board, and added that, so far as cash was concerned, the Coop spent \$700,000 more than it took in last year.

The auditors gave the Coop a "Clean" opinion, however, saying that work orders are cleared promptly, depreciation is in line, etc. They said the Coop's internal controls are OK, except that the general plant records project of itemizing and tagging desks, chairs, computers, etc., which they suggested last year, was set back by the flood and not finished. Also, Coop did not meet the 1.5 TIER (Times In-

terest Earned Ratio) as required by RUS.

The audit report was accepted by board vote. The board and auditors clearly stated that questions from the audience would be fielded by the board and not auditors. Nevertheless, people in the audience asked questions of auditors; they were answered by members of the board.

General Manager David Seuss discussed power supply issues with the board. One issue that had potential impact on WOEC was a BPA plan to charge a higher rate for delivering power at 34.5 kilovolts than at 115 kilovolts. WOEC receives its power at the lower value. Fortunately, BPA changed its mind and will charge the same for both values.

Also discussed was the potential for "retail wheeling" (delivering power supplied by one utility to a customer over another utility's lines). Bills are in congress and may be introduced soon by Oregon and Washington industrial customers to require utilities to wheel power. Industry expects a 25 percent rate reduction if approved. Accord-

ing to VanNatta, the savings to industry implies that other customers' rates must rise to cover that 25%, which could affect a rural coop like WOEC adversely. After much discussion with a member of the audience, VanNatta agreed that it was possible that WOEC members could benefit from a retail wheeling arrangement under the right circumstances.

Retirement of WOEC general manager is announced by Co-op

David Seuss, West Oregon Electric Cooperative (WOEC) general manager, retired from the electric utility, effective May 24.

Seuss' tenure at WOEC began in 1990. He was instrumental in bringing significant improvements to the utility at a time when the cooperative was under scrutiny from the Rural Utilities Service (RUS) for inefficient management practices. In addition, the Oregon Public Utility Commission (OPUC) required the cooperative to correct problems resulting from years of deferred maintenance. Under Seuss' leadership WOEC met or exceeded all RUS and OPUC mandates.

"West Oregon Electric owes David Seuss a debt of gratitude," said Robert VanNatta, WOEC board president. "His management skill helped bring the cooperative from difficult times into an era of productivity and efficiency. Service quality and reliability have improved dramatically over the last six years as a result."

Seuss is also credited with bringing WOEC into the era of electric industry deregulation by negotiating an innovative contract with the Bonneville Power Administration (BPA) that was hailed as a major

stances.

Due to a meeting conflict, the regular June board meeting has been moved to Monday, June 17.

The board held two executive sessions. The first was with representatives of WORA concerning personnel matters. The second session concerned "Employee matters".

feat for a small rural electric cooperative. No other BPA customer had signed such an agreement at the time.

Member Service Manager Russell Green will serve as acting general manager until a successor is named.

WORA meeting set

The next meeting of West Oregon Ratepayers Association will be Sunday, June 9, 2:00 p.m. at Washington Grade School in Vernonia.

Soccer planned

A group of parents have organized an informal soccer group for children and adults in Vernonia this summer.

Play will start Monday, June 10, behind Washington Grade School at 7:00 p.m. It will continue Mondays and Wednesdays from 7:00 to 8:30.

Anyone interested, from small children to adults, can join by just showing up. If enough interested adults show up, an adult game will be played on Mondays.

For more information, call Cory Colburn at 429-4351.

Get your facts first, then you can distort them as you please.

— Mark Twain

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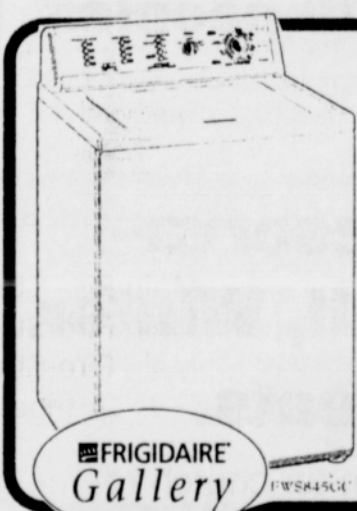
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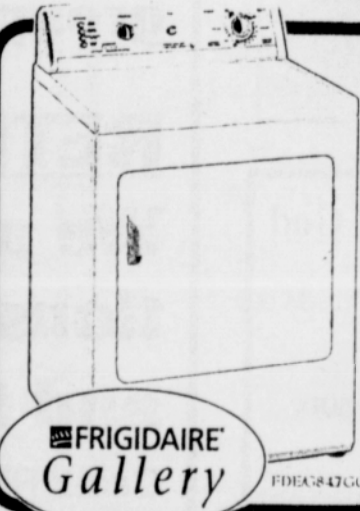


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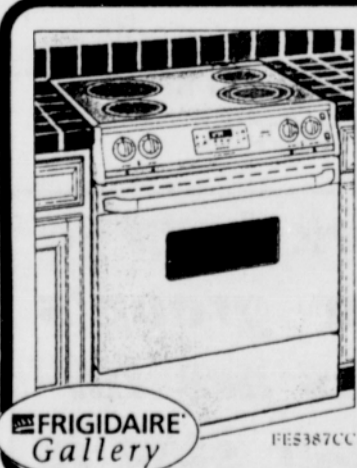


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