

Power of the People

By W. Marc Farmer,
General Manager,
West Oregon Electric Cooperative



Wholesale Power Supply Decision Made

At our Board meeting on October 21, the West Oregon Electric Cooperative Board of Directors unanimously approved the signing of a 20-year wholesale power supply contract with Pacific Northwest Generating Cooperative (PNGC). This decision was made after spending over a year working on the contract, reviewing options, and negotiations.

This decision is a major one as it will impact our power supply and cost of power for the next 20 years. It was a decision that was not taken lightly or made without careful review. The reason it became such a significant issue is the limitations of future power supply from Bonneville Power Administration (BPA). The Bonneville dam can produce only a limited amount of energy. With the demand for electricity constantly increasing, the demand will exceed the supply capacity of the dam within the next few years. To address this issue, BPA has proposed a Tiered Rate Methodology in its new contract (our current contract ends on September 30, 2011). Our share of the Federal Based System (output of the Bonneville Dam) will be set at what our peak power usage is during 2010. This amount will be supplied as Tier 1 power at a beginning rate between \$30 and \$40 per Megawatts (MW). We currently pay about \$30. Any additional demand (called growth) will be at the Tier 2 Rate which is predicted to be priced somewhere between \$60 and \$90 per MW. Tier 2 power costs would then

be blended into the Tier 1 power costs to establish what our combined wholesale power costs would be, then our rates would have to be adjusted to cover the costs of both. This is what makes up the BPA contract plan.

By signing a wholesale power contract with PNGC, West Oregon EC will be joining with 13 to 21 other Northwest utilities with the intent to purchase power and/or collectively build our own power resources. The objective is to either purchase lower priced power than BPA can offer in Tier 2, or join with other utilities to build our own resources, giving us both ownership and control of the resource. We then have a much better chance of stabilizing power costs, and therefore rates to our members. West Oregon by itself does not have enough money or demand to go out and secure power resources, but by joining with others, collectively we can obtain resources. The 14 utilities who have signed contracts with PNGC to date are from Oregon, Washington, Idaho and Montana. Before the deadline to sign by January 31 of next year, other possible contract signers include utilities from Wyoming and Nevada. The size of the final PNGC group will determine what our share of the rates will eventually be, but we are hoping the combined pool will spread the overall costs sufficiently and keep our costs at a minimum. If we are successful enough, our pool of utilities could end up being the largest power purchaser in the Northwest. This gives us not only significant buying power, but political clout with BPA as well.

We have been hearing the concerns of rising power costs looming in the near future and so we have taken a big step towards being more in control of our own destiny with the decision to join PNGC. It is not going to keep us from being affected by rising power costs going forward, but we feel this will give us more control and more stability than if we signed with BPA and were subject to market pricing and high cost pricing of Tier 2 power.

Homeowners and renters should insure now before flood season

It's a good time for homeowners and renters to ensure their property against flooding as the fall and winter storm season nears. Not doing so could prove costly as there is a 30 day waiting period before policies take effect after purchase.

Heavy rains and snow runoff can cause river flooding that is common in this area. Flooding in Oregon causes millions of dollars in damage almost yearly and the only way renters and homeowners can insure their property against such losses is with flood insurance.

"The National Flood Insurance Program (NFIP) is one of the best ways to avoid major losses," said Ken Murphy, Oregon Emergency Management Director. "Even a few inches of water can mean thousands of dollars in repair and restoration costs," Murphy said. "Most homeowner's insurance policies do not cover floods so you need flood insurance to protect against these losses."

"It is important to buy an NFIP policy now because coverage will not take effect until 30 days after purchase", said Dennis Sigrist, Oregon Emergency Management Mitigation Specialist. "Flood insurance will cover eligible losses regardless of whether the event is declared a federal disaster or not. We often see flooding situa-

tions where stream or urban runoff impacts a few homes and therefore does not qualify for any government disaster aid. In those situations, an NFIP policy can save a homeowner or renter considerable financial losses."

Twenty five percent of all claims paid by NFIP are for homes and apartments located outside of mapped high-risk flood zones. Homeowners can insure a home structure up to \$250,000 and its contents up to \$100,000. These are two separate policies.

Renters can cover belongings up to \$100,000. Non-residential property owners can insure buildings and contents up to \$500,000.

The average yearly cost of a NFIP policy is around \$400, which is less expensive in many cases than one month's car payment. Policies can be purchased from your local insurance agent if your county is

a participant in the National Flood Insurance Program. Call your insurance agent for details.

Oregon Emergency Management (OEM) is responsible

Now is the time to winterize plumbing

That first chilly autumn morning is the perfect reminder that, when winter arrives, it can be sudden, often leaving homeowners unprepared for the troubles associated with cold weather.

Failure to prepare can prove costly when pipes freeze, so plumbing experts recommend taking these early precautions instead of waiting until cold weather arrives.

Disconnect outside water hoses. If left connected during freezing temperatures, water in hoses will freeze and expand causing connecting faucets and pipes to freeze and break.

Inspect outside faucets. If

for planning, preparing and providing for the prevention, mitigation and management of major disasters or emergencies that present a threat to the lives and property of citizens of and

visitors to the State of Oregon.

More information on the National Flood Insurance program and your home's flood risk can be found at www.floodsmart.gov

dripping or leaking, make the necessary repairs or call a plumber before a freeze.

Note that when pipes freeze, water pressure builds causing cracks, no matter if the pipe is made of plastic, copper or steel. Even a tiny crack can unleash 250 gallons of floodwater in a single day.

If your home is equipped with interior shut-off valves leading to outside faucets, close them and drain water from lines.

Cover outside faucets using a faucet insulation kit.

Insulate pipes in unheated areas. It's a lot easier to do this on a pleasant day than when

cold winds are howling. Apply heat tape or thermostat-controlled heat cables around exposed pipes.

Your water heater works harder during winter months. Drain sediment from the tank, which causes corrosion and reduces efficiency.

Set water heater thermostat to 120° F for optimum performance while reducing the risk of scalding.

Clear leaves and debris from roof gutters and downspouts to ensure proper drainage throughout the winter season. You may have to do this again until the leaves are off of the

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