

**Power of the People**

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



**Response to Open Letter**

I appreciated the editorial letter in the last issue and the opportunity it provides me to respond to some excellent questions and comments by Mr. Phillips. It is always helpful when people take the positive approach to be part of the solution, rather than part of the problem. I will endeavor to cover all the aspects of his letter in this article. Further expansion of some points will be in additional articles due to space constraints, but I will start here point by point.

1) We ARE a "cooperative" and continue to function as one. The member-elected Board of Directors provides direction for the management staff through its strategic planning process, policies, by-laws, service rules and regulations, seven cooperative principles, and budget process. My staff and my responsibilities are to manage the operations of the cooperative within these parameters. We report monthly to the Board at our meetings, which are open to our members to attend. We do not operate in any form like a private business enterprise. In fact the Board and Management Staff just completed a day-and-a-half strategic planning session the end of June.

2) As to the profit-based aspect, we are a not-for-profit, member owned and operated public utility that assigns its margins, if any, back to the membership in the form of capital credits. These credits are accrued and remain assigned to each member. Because we keep our costs and margins at such a minimal level, when we do have margins we have invested them back into our electric system. This actually helps to keep our rates down. If we paid the capital credits back to the members annually, instead of reinvesting them back into the system, our rates would need to be higher to cover our system costs. West Oregon Electric does not have any volatile investments.

3) We do work with BPA through an organization called Pacific Northwest Generating Cooperative (PNGC). We, along with 14 other utilities are working on several fronts. We already collectively own a facility called Coffin Butte, which uses methane gas from a landfill in the Corvallis area to produce power. We participated in the initial R&D for a wave energy project which will launch its first buoy later this year for testing. Other PNGC projects include a solar project in Eugene, and we meet monthly to discuss other alternatives including geothermal, wind, and bio-mass. BPA, which is our wholesale power supplier, provides us with power from hydro and nuclear in Tier 1, and has wind, solar, geothermal, natural gas, and bio-mass options available in their Tier 2 portfolio. The challenge of renewable energy is the cost. Hydro over the dam runs about \$30 to \$35 per megawatt hour. Wind and solar run to three times that amount depending on the level of subsidies from the government. If you think rates are high now, see what happens when the power costs are doubled or tripled for renewable energy. The fact that the sun shines and the wind blows part of the time for free is fine, but the cost to produce power from them is not free, it is very costly, and do not currently have the technology to store large amounts of it for the times the sun isn't shining and the wind isn't blowing.

4) I like the possibility of additional hydro. The first

key here is to get hydro on both the state and federal levels to be declared "renewable energy." Our current Governor is opposed to dams and reluctant therefore to support this move. We will press on. The federal opposition to more hydro is evident in the over-priced cost to acquire a FERC permit license to build any hydro. I'd like to see us put power generation on Hagg Lake dam and Fishhawk Lake dam which are already in existence, and to build hydro power dams on Rock Creek, and the Nehalem River. Dams on Rock Creek and the Nehalem could then also help address the flooding issue at the same time that they are producing power. The other problem with pursuing this comes down once again to costs. Our rates would have to increase dramatically to take on the expense of power generation and transmission.

5) We have actually done an analysis of placing solar panels on our HQ roof. The cost to do so would be \$233,566.80. This breaks down to a cost of \$59.19 per member to purchase and install the system. We have not felt that this is an expense our members are prepared to make at this time. Once we complete the system upgrades (substation projects, line undergrounding, tree trimming for example) that keep the lights on, then we can revisit this project. Good suggestion and one we have on our radar screen.

6) We have already had discussions with a couple of banks on offering low interest loans for energy efficiency measures and have partnered with Wauna Federal Credit Union to offer Energy Efficient Home Improvement Loans. We are participating with Senator Merkley to support his bill to make federal funds available for additional low interest loans for conservation and energy efficiency measures in our members' homes and will communicate when this becomes available. We have been offering rebate programs for years in partnership with BPA and PNGC for energy efficiency. We do not offer rebates for alternate energy at this time. Our members are already financing them through their taxes, which support tax breaks and incentives for alternate energy. To do so again

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share of maintaining and operating the system.


7) We used to hire our own tree crews and compared the cost with contracting the work out and found significant savings in hiring contractors. Not only did we save money, but also time to manage the vehicles, personnel, equipment, and insurance. We have had local people hired onto the contract crews so we have been able to accomplish providing jobs for local people as well as saving substantial money at the same time.

8) We already cut trees on our right of ways to the extent allowed by law. We are allowed a 40 foot right of way (20 feet on each side). We are allowed to take "danger" trees outside the right of way if they pose a potential danger to the line. Unfortunately we do not have right of ways the size of BPA (300 foot) or we could easily eliminate most of our outage problems. Even though we do have a right of way on our lines, the trees belong to the property owners and we have to obtain permission from them to trim or cut trees on their property. We have found from experience that permissions don't come easy until a tree takes out their power, then they are more willing to let us do the trimming or cutting we need to avoid future outages. We work with private property owners and timber companies as much as possible now. That all being said, we are not, nor intend to be in the logging business, nor is it safe or practical to allow those who are not qualified journeyman linemen to work around energized lines. What would be helpful would be enough funds to both increase the number of tree crews we have and/or to be able to afford undergrounding more lines, especially in heavily timbered areas. As for the chips, we currently give them to members for free. There is a chip request form available in the WOEC front office and we have a standing order for 25 people already on file. We try to deliver chips to the members whenever we are in their part of our service area.

9) We send one person once per year to go to Washington, D.C., in a coordinated group effort with

Please see page 18

**Our Summer  
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Breeze!**



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\*APR=Annual Percentage Rate and is subject to change. Rates & financing are offered based on applicant's credit worthiness and term of the loan. Special Terms: Auto, Truck, SUV, Van (Purchase new or used) - .99% APR is an introductory rate for the first 90 days of the loan term. After the introductory period, the standard rate of the loan term will apply. Borrower also qualifies for no payments during first 90 days of the loan. Auto, Truck, SUV, Van (refinanced from elsewhere to WFCU) - qualifying loans will receive .99% APR introductory rate for the first 90 days of the loan. After the introductory period, the standard rate of the loan term will apply. Borrower also qualifies for no payments during first 90 days of the loan. Rebate is equal to 1% of the actual amount of the loan refinanced to Wauna FCU (maximum Rebate: \$500; Wauna FCU will pay the title transfer fee up to \$77). Regular rates start at 2.99% APR with up to 84 months to repay. Loan payment example: a loan amount of \$20,000 at 2.99% APR for 72 months would require a monthly payment of \$304 until the loan is paid off. Note: Other Introductory rates may also be available. This special financing offer ends July 31, 2012. Financing offered to Wauna FCU members only. Contact waunafcu.org for membership details.

800-773-3236 [waunafcu.org](http://waunafcu.org)



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