

WOEC Plans for Upcoming Rate Increase

Improving reliability, providing good service to members and keeping the lights on remain the priorities of co-op management



A West Oregon Electric Cooperative lineman prepares for a day of work helping to keep members' lights on.

By Scott Laird

Last fall, West Oregon Electric Cooperative's board and management postponed the biennial operating increase to the rates, and only passed through the biennial Bonneville Power Administration increase to the wholesale power cost.

This decision was made solely with the members in mind so they would not have to shoulder the brunt of that increase during the winter when they use the most power. With the winter in the review mirror, it is time to have that discussion.

"When we made that decision to postpone the increase last fall, we were rolling the dice that we would not have a repeat of last year's expensive storm season," says WOEC General Manager Bob Perry. "We're not completely out of the woods yet, but it's looking better with each passing week as we get closer to spring."

Members might wonder, "Why does WOEC need an increase at all?"

Nothing in life is static, and raising costs should not be a surprise to anyone, says Bob. The cost to operate the co-op continues to increase every year.

"Labor is one of our biggest expenses, and that continues to rise with inflation," Bob says. "Over the years, we have kicked the can down the road on system maintenance, repairs and upgrades. Over the last four years, we have made substantial investments in the system and that is starting to show in reduced outages, overtime and response time to get the power back on.

"Without the necessary increases to cover increasing costs, we'd be just treading water and may even be going backwards as some services would have to be cut."

WOEC management will present to its board of directors a proposed small increase to the base charge and a fractional increase to the kilowatt-hour charge, which will cover increasing operating expenses during the next few years.

The increase to the base charge helps the co-op cover the fixed charges needed for day-to-day operations and keep power flowing to homes and businesses.

"The co-op has costs no matter how much power our members use," Bob says. "We have to maintain those lines to the end of each and every road where we have members that have meters. It also takes a certain number of people to run this co-op, whether we have 1,000 members or if we have 10,000 members."

“We’re a co-op, so everyone shares equally in the cost to keep it operating,” adds Finance Manager Dan Huggett.

Dan says most of the rate increase will go toward the continuing rise in the cost of labor.

“This is a very labor-intensive business, and we have union contracts,” Dan says. “When you stop and think about it, you can only automate so much. We can buy and send out bigger and better trucks with more bells and whistles, but at the end of the day, someone still has to go out and pick up that wire and put it on the pole. We can bury all our lines—and we are doing that a bit at a time around our district—but it initially costs about three to four times as much as installing them above ground.”

According to Dan, both management and the board have a fiduciary responsibility to an ongoing operation.

“I’m a member of the co-op too, and I would like to keep our rates as low as possible,” Dan says. “But the fact is, we have to be thinking about not only today, but the next five and the next 10 years. And that’s what we’re doing right now with the changes we’ve made through improvements to the system that have increased reliability and keeping our members’ lights on.”

Past projects to improve reliability have included upgrades around the Green Mountain/Buxton area, and underground feeds from the Timber Substation that improve service and allow the co-op to backfeed other parts of the system if needed.

The co-op has experienced growth in the Green Mountain area in particular, with newer and bigger homes, which in turn comes with some initial costs for the co-op to serve those new members. Eventually, having more members receiving service will help spread out operations costs among all members.

Bob says a new work plan includes rebuilding and burying parts of the line from the Mist Substation to Vernonia, providing another backup to the co-op’s most densely populated area.

“Operations Manager Don Rose has consulted with our engineer and with our linemen—who are out there every day and know where our trouble spots are—to develop our improvement plan,” Bob says. “My philosophy since I took over as general manager has been to leave this co-op better than it was when I got here. I want our members to have the benefits of reliable electric service. And the way to do that is by upgrading the system to improve service, and decrease the number and length of time of any outages.”

Bob says whenever anyone starts talking about WOEC rates, the size and makeup of WOEC’s service territory arises. The total area of WOEC’s service district is 1,225 square miles, with all of it rural—except Vernonia—and most of it forested, which causes trouble for utility lines. Keeping the lights on for all those members is expensive.

While the co-op has improved the reliability of the distribution system through upgrades and improvements—projects such as burying lines to eliminate overhead lines and increased



WOEC management and staff continue to improve efficiency, cut costs and provide good customer service.

tree-trimming work—both Bob and Dan say management has been looking at ways to cut costs.

As Dan noted, one of the co-op’s biggest expenses is labor. Dan says that regionally there is a shortage of qualified linemen—specifically meter technicians—which requires an additional level of training.

“They are hard to find,” Dan says. “We’re a smaller co-op, so finding qualified labor can be a challenge, and it is even harder to get them to come to WOEC.”

Dan says most of the other ways WOEC management has looked to cut costs are small, but added together they help keep the bottom line as low as possible for members.

Dan worked to reduce monthly banking fees for the co-op and also replaced the co-op phone system at a significantly reduced monthly rate.

“We’re a business, and it costs money to operate a business,” Dan says. “I’ve been taking a look at everything and asking if things are necessary, or if it’s the best price we can get. The savings are small, but they are on a month-to-month basis and they are ongoing.”

Bob says that by adding an extra staff member in the office who works to contact members who are delinquent on paying their monthly bill, shutoffs for lack of payment have been almost eliminated. Shutoffs cost members more money because of disconnect and reconnect fees, so this is a service that truly helps the members.

“We’re working to improve our efficiency, cut costs where we can, and provide the best possible service to our members,” Bob says. ■