

Op- Ed

Coos- Curry Electric Cooperative: helping rural America say “we won’t be left behind.”

More than half a century ago, when electric utilities began to lay the foundation of electrical transmission and distribution networks to provide electricity to residents in the Pacific Northwest, the rural communities were in serious danger of being left out and left behind. Quite frankly, it’s more economical – far more economical – to serve customers in densely populated, urban areas. High concentrations of customers means the utility doesn’t need as much infrastructure, which equates to miles of lines, poles, substations, vehicles, and the cost to maintain them. So, in the 1930s, Public Power stepped in under the Rural Electrification Act, rolled up its sleeves and got to work. Did it all go smoothly? No. Were mistakes made? You bet. But faced with the alternative – being left behind because the economics of serving rural areas was never going to “pencil out” for the big, for- profit electric utilities, they didn’t stop. They had a clear vision, they found a way and their persistent efforts provided us with something we almost take for granted today – electricity – and allow us the lifestyle we enjoy today.

Here, on the majestic southern Oregon coast, an electric not- for- profit cooperative was at the helm of providing electricity to the rural communities of Coos and Curry counties. For 68 years, Coos- Curry Electric Cooperative has served members in our area – using a cooperative approach and innovative ways to provide those services. They built the electric infrastructure and found affordable wholesale power to distribute to the membership – at comparable rates. Together, those before us found a way to make things work for the people living here.

But life doesn’t stand still and technology really doesn’t stand still. Over a decade ago, members were again faced with the challenge of being “left out and left behind.” This time it was not electricity, but having access to modern telecommunications. They knew the cooperative approach had

worked to establish an electric utility system and asked CCEC to find a way to help. The cooperative formed a new entity, a wholly-owned subsidiary called South Coast Satellite (SCS) to provide those satellite TV services and tap into a fiber optic backbone system being developed by Northwest Open Access Network (NoaNet). Now we were in the business of helping to generate quality, competitive telecommunications services, which have become even more important to rural, more isolated communities in a global economy.

In the meantime, new cable TV competitors arrived to provide needed services and the costs of bringing broadband to the southern Oregon coast escalated, along with the risk of success. Providing low-cost electricity was our job #1. In response to the membership nearly 3 years ago, CCEC elected to end all telecommunications activities. It has taken some time, but that SCS chapter is now closed. Not with a loss, but with over \$500,000 left on the books. The satellite TV business was sold for cash and stock. The stock was then sold. The board of directors hired attorneys with specific tax expertise and the result was millions of dollars saved by avoiding IRS penalties and interest; and SCS was left more than whole as a result. The final part of the exit strategy was the recent settlement with Lightspeed Networks, Inc. (formerly NoaNet), who sought \$1.5 million in court. SCS settled for \$641,000, providing a gain of \$859,000 and putting the final history of SCS, the cooperative's wholly-owned subsidiary \$500,000 in the black. These decisions and these results were consistently guided by the Board's primary objective: serve and protect the membership.

So, was it smooth sailing? Nope. Were mistakes made? Yes. But, they certainly weren't deliberate and like our predecessors who built the CCEC electricity system, we were charting our own way and learning as we went. Decisions were made with the best of intentions, to respond to the membership and to improve the lifestyle we all enjoy here. In the end, the decisions that were made meant we were able to end our SCS chapter with money left over.

As a cooperative, we're in this together – for the benefit of the whole, to provide the services we all feel are important for our kids and our grandkids. The results are these: CCEC got into telecommunications for the right reasons – to make sure our membership wasn't left behind. Today, we enjoy competitive choices for telecommunications to our area from a variety of suppliers. And the cooperative got out of the telecommunications business in order to focus on its principal reason for existing, which is to provide electric service to its members. And finally, CCEC emerged from the telecommunications chapter financially whole and sound.

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