

SCS Closes Books With Money in the Bank

Board member David Itzen provided information on CCEC's wholly-owned subsidiary, South Coast Satellite (SCS), at the 68th Annual Meeting as part of his Treasurer's Report.

"You know there is a big story behind South Coast Satellite," Itzen began. "And for those of you who have been around 20 years or more, you know that story."

For 68 years, CCEC has served members in our area—using a cooperative approach and innovative ways to provide those services. It 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.

Nearly two decades ago, members asked CCEC to again step in and apply the same principles they used to electrify rural America to now bring modern telecommunications access to those living on the southern Oregon Coast. Members knew their rural communities were in serious danger of being left out and left behind the same way they had been when the electric system was being built, because it is more economical—far more economical—to build a utility infrastructure and serve customers in densely populated urban areas.

In response, the cooperative formed SCS in 1992, to provide satellite TV services and tap into a fiber optic backbone system being developed by Northwest Open Access Network (NoaNet) and Eastern Oregon Telecom.

The co-op went into the business of helping to generate quality, competitive telecommunications servic-

es, which have become even more important to rural, more isolated communities in a global economy.

At the Annual Meeting in June 1994, CCEC displayed the first DirectTV satellite transmission feed. Members reacted positively. Later that year, members began getting deliveries and installations of the first DirectTV satellite systems from CCEC.

The demand was tremendous and led to the establishment of an office in Bandon.

New cable TV competitors arrived to provide needed services, but the costs of bringing broadband to the southern Oregon coast escalated. With rising costs came risks.

"Since our job-one was delivering electricity, about three years ago, the decision was made to divest ourselves of the satellite TV business," Itzen told members in attendance.

So, where are we? Our SCS chapter is essentially closed. The sale of the satellite TV business garnered \$9.3 million in cash; and after paying expenses, we had \$3.013 million. It took longer to divest ourselves of the other 2 business ventures, but when we did, we still netted \$881,000 cash. This is significant, because our potential exposure was much higher.

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.

CCEC got into telecommunications for the right reasons. Today, we enjoy competitive choices for telecommunications to our area from a variety of suppliers. The cooperative got out of the telecommunications business to focus on its principal reason for existing, which is to provide electric service to its members.

CCEC emerged from the telecommunications chapter financially whole and sound, definitely without losing money and with half a million dollars equity still on the books. ■

South Coast Satellite Investment and Equity Summary

■ Stock Sales (Direct T V)	\$9.291 Million
■ Selling Cost and Taxes	6.053
■ Net Results	3.238
■ Operating Losses	(2.082)
■ IRS Tax Refund	1.857
■ Contribution	3.013
■ NoaNet Estimated Cost	(1.937)
■ Eastern Oregon Telecom	(.195)
■ NET Contribution	\$.881 Million
■ Cost of Investment	(.331)
■ Equity	\$.550 Million