



**Testimony of Dave Markham  
President of Oregon Rural Electric Cooperative Association  
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House Energy and Environment Committee**

Good afternoon Chair Bailey and members of the Committee. I am Dave Markham, President and CEO of Central Electric Cooperative headquartered in Redmond, Oregon. I am also the President of the Oregon Rural Electric Cooperative Association (ORECA).

ORECA represents the state's 18 not-for-profit electric cooperatives that serve 206,000 meters, 65 percent of the land mass of Oregon and 11 percent of the population with more than 30,000 miles of transmission and distribution lines to deliver electricity to rural Oregonians.

Electric co-ops serve some of the most rural areas of Oregon. Central Electric Cooperative is the largest cooperative in the state with 32,000 meters spread out over a 5,300 square mile service territory --- from the Hoodoo Ski Resort on the Santiam pass to the community of Izee 154 miles to the east. CEC service density is approximately 7 customers for every mile of distribution line.

Harney Electric Cooperative, headquartered in Burns, is one of the smaller co-ops in the state with 3,900 members receiving service over a 20,000 square mile service territory. Their service density is less than half a customer for each mile of line. In contrast, Pacific Power and Portland General Electric's urban service density is approximately 32 customers for each mile of line.

**Democratic Local Control**

The electric cooperative business model is uniquely successful. Most Oregon electric co-ops were formed 70 or more years ago and were created because investor-owned utilities did not want to serve rural areas of Oregon they did not see as profitable.

If you receive electric service from a cooperative, you are both the customer we serve and an owner of the company that serves you. Co-ops are democratic, local organizations controlled by their member-owners who participate in setting policies and making decisions.

Elected representatives that serve as a board of directors are accountable to the membership. The local control and local decision-making are key reasons why electric co-ops operate so effectively and efficiently and are able to keep rates lower than those of investor-owned utilities.

Keeping rates affordable for our members is a challenge in a difficult rural Oregon economy that is experiencing double digit unemployment rates in many areas of our service territories. This is why we are extremely concerned about legislation that could increase utility operating costs and ultimately increase retail rates to our members.

### Resource Mix & Renewable Energy

Oregon co-ops have a track record of environmental excellence. We practice good stewardship in the areas of construction, operation and maintenance and seek to improve environmental awareness.

Oregon co-ops receive almost all of the power they provide their members from the Bonneville Power Administration. This power is carbon free with 90 percent coming from the federal hydropower system and 8 percent from the Columbia Generating Station.

While the hydropower we receive from the BPA does not apply toward the Oregon's Renewable Energy Portfolio standards, electric co-ops have been working to meet the guidelines of the mandated RPS that becomes effective in 2025 for most co-ops.

Oregon has a unique ability to be a leader in developing the next generation of biomass and the significant potential for an ocean energy industry.

Since 1996 CEC and other electric cooperatives have been operating the Coffin Butte landfill-gas-to-electricity biomass plant near Corvallis. This plant takes the methane gas from decomposing garbage and turns it into a cost effective and environmentally friendly source of electricity. It consistently ranks as one of the most efficient plants of its kind in the nation. CEC and a number of Oregon co-ops are also involved in a wave energy project off the Oregon coast near Reedsport. This would be the first commercial wave energy project in North America. The first buoy is expected to be launched this spring.

### Advance Metering Infrastructure – Smart Grid

Across the state, electric cooperatives have deployed smart grid technology to improve services, increase reliability and control electricity costs for members.

Co-ops lead the industry in the deployment of smart grid and in Oregon more than 80 percent of the electric cooperative's 206,000 meters are smart meters.

Besides the benefits already noted above, smart grid technology reduces electric co-ops' already extremely low carbon footprint. Central Electric Cooperative completed deployment of 32,000 smart meters last December and this transition from traditional metering will eliminate 160,000 vehicle miles travelled annually.

## Energy Efficiency and Conservation

Electric cooperatives have long been innovators and trailblazers. We began promoting energy efficiency and conservation decades ago, long before it became mainstream.

Between 2001 and 2011 electric co-ops assisted their members with saving more than 343 million kilowatt hours of electricity through installation of conservation and energy efficiency measures.

This is almost enough electricity to power every residential home in CEC's service territory.

For the same period 2001 – 2011, consumer-owned utilities in Oregon, which includes cooperatives, municipals and people's utility districts, assisted their customers to save 18 percent more energy than those customers served by the Oregon Energy Trust.

## Looking to the Future

Oregon's electric cooperatives will continue implementing an aggressive plan of conservation, energy efficiency and renewable energy development which will carry on Oregon's tradition of being recognized as a national leader in this area.

We will leverage the capabilities of smart grid technology by analyzing the potential for implementation of demand response, time of use and pre-pay programs that can help members reduce energy use and costs.

And, co-ops will work to keep members' rates affordable through applying the correct balance between environmental benefits and economic costs.

## Conclusion

From their inception in the 1930s and 40s Oregon's electric cooperatives have been problem solvers. We can continue solving the problems and challenges we face in the future if decision making is kept at the local level, where it has had a successful track record for more than 70 years.

I want to thank Chair Bailey and the Committee for their interest and effort to gain a better understanding of the business model of Oregon's electric cooperatives.