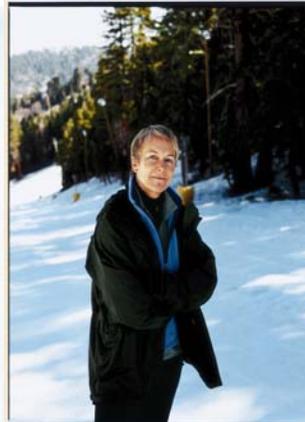
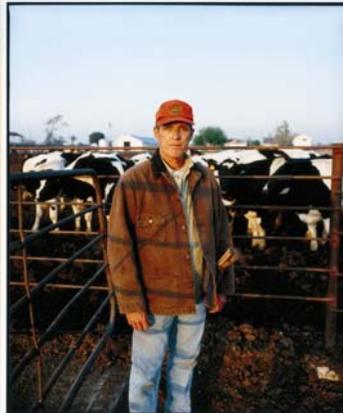




Columbia Rural Electric Association, Inc.



Columbia REA's Contribution to the Communities it Serves

Written and Prepared by Columbia REA
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A Touchstone Energy® Cooperative 
The power of human connections

Columbia REA's Contribution to the Local Economy

All businesses impact the local economy. The obvious impact is employment and payroll. But the total economic impact of a business involves much more than that. The economic viability of a business has a ripple effect throughout the community's economy that often goes unrealized.

Whether we want to believe it or not, each and every business in some way is reliant upon other businesses in the community being open and healthy. As the economy changes, it is important for us to ensure the health and vitality of our local business community through careful planning and teamwork.

About Columbia REA

Columbia REA was formed in 1939 by local farmers who did not have electrical distribution service and who found it too expensive to hook up to the existing power distribution system.

Work to establish Columbia REA began on August 5, 1935 when the Farm Bureau Board appointed a committee to explore the possibility of providing electrical distribution service to rural areas. The seven members of the committee went from farm to farm and the numbers grew to seventy-two area farmers who became the cooperatives first members. The cooperative was incorporated on January 23, 1939 and approved by the State of Washington on January 30, 1939.

At the first meeting of the cooperative held on February 3, 1939 in Dayton, WA, Grace A. Mead was elected president and Donald G. Harris was elected secretary/treasurer. At that meeting, Board of Trustee member Hesper Archer was asked to go to Washington D.C. to request an \$85,000 loan from the Rural Electrification Administration. With these funds the cooperative built its first seventy-two miles of line to serve its original seventy-two members. The line was energized in 1940.

Columbia REA has changed since its formation. Our membership has become very diverse. The cooperative continues to serve rural farm customers in addition to large irrigated agriculture and commercial accounts, and a growing number of urban and suburban residential accounts. Each of these members owns a share of the cooperative and all share in the benefits of cooperative ownership.

Columbia REA like all electric cooperatives in the United States was formed as a member owned and managed, non-profit corporation. It continues that way today. From its original 72 members Columbia REA has grown to serve over

3800 accounts. We operate a distribution system 1200 miles in length. Our service area now covers over 3,000 square miles in Walla Walla, Columbia, and Umatilla Counties.

Executive Summary

Columbia REA and its employees make a significant contribution to the economies of Columbia and Walla Walla Counties. Here are just a few highlights:

Economic Development

- Provided over \$4.1 Million toward economic infrastructure for expanded development in Walla Walla and Columbia Counties through our line extension policy from 1997-2003.
- In 2001 provided \$150,000 to a local wireless company for Broadband build out via our revolving loan fund.
- Currently CREA has over \$250,000 in economic development loan funds available.

Community Support

- Donated more than \$120,300 to community development & charitable contributions from 1997-2003
- Purchased over \$7 Million in goods and services from 1997-2003 from local businesses
- Paid out \$49,000 from 1999-2003 for the Columbia REA Scholarship Program to local high school graduates.

Taxes and Employment

- Pays \$1.8 Million annually in wages to 29 full-time and 2 part-time employees
- Paid in excess of \$1.5 Million in taxes from 1997-2003
- Supports 21 additional non-utility jobs in the communities we serve*

Consumer Benefits

- Returned over \$6.5 Million in the form of Capital Credits to member-owners from 1997-2003.

**Source: Department of Commerce*

Electric Cooperatives and their Commitment to Community

Electric Cooperatives are run according to a set of guiding principles that form a framework in which a cooperative operates in the community. Our business model is different in that we are a not for profit private business that is owned and run by our members. Our member-owners live, work and play in the communities we serve and therefore make decisions regarding the company that enables economic growth and viability.

The Cooperative model is a powerful one when aggregated. It is said that there is “strength in numbers” and cooperative across the state, Pacific Northwest and the country confirm just that. The collective number of Cooperatives is quite impressive and provides economies of scale for many things. Today more than 1000 cooperatives in 48 states provide energy solutions to more than 36 million customers.

In the last seven years, Columbia REA has undergone a tremendous amount of change and growth. In 1996 the elected board of directors put forth a business plan to ensure the economic viability of the cooperative with the decision to diversify load from mostly agricultural to include more commercial and residential accounts. This plan provided the opportunity for Columbia REA to grow and with that growth, give back to the community in many ways. In other words, Columbia REA is growing to serve its growing communities.

Everyday Columbia REA demonstrates the power of being connected to our communities. This sentiment is pervasive at Columbia REA and we consider giving back to our communities a standard business practice.

Columbia REA has produced this paper to help better define how their community and economic development activities are contributing to the local economy. This paper addresses what Columbia REA contributes in the way of jobs, taxes, economic development and more. This paper attempts to quantify the local investments, involvement and concern that Columbia REA provides in serving as a vehicle for community growth.

Columbia REA's Contribution as a Business

Taxes Paid	2003	1997-2003
Columbia County	\$75,000	\$478,000
Walla Walla County	\$214,000	\$1,275,000

Columbia REA contributes to the local and state economies via taxes that we pay. Columbia REA paid over 1.5 Million in taxes from 1997-2003. This includes property, vehicle, B&O and sales taxes.

Capital Credits	2003	1997-2003
Columbia County	\$43,000	\$326,000
Walla Walla County	\$325,000	\$2,710,000
Other Areas	\$414,000	\$3,493,000

Since 1997 Columbia REA has contributed money to the local economies by the retirement of capital credits. Capital credits, sometimes referred to as patronage capital, are the earnings of cooperative - gross revenue minus all costs. These "credits" are allocated to the member-owners in relation to the amount they have paid during the year. Columbia REA returned over \$6.5 Million in capital credits to our member owners from 1997-2003. This is money that is put back into the hands of local residents who in turn spend those funds locally.

Jobs & Wages	2003	1997-2003
Columbia County	\$1,357,000	\$7,215,000
Walla Walla County	\$500,490	\$2,989,000

Columbia REA employed 29 full-time and 2 part-time employees and contributed over \$1.8 Million dollars to the local economy through wages and salaries in the year 2003. In addition, Columbia REA's presence in the community supports an additional 21 jobs. This is a result of a multiplier of 1.7, which means for every job created in the co-op, an additional .7th of a job is created or supported in the community in various industry sectors.* In addition, Columbia REA provides an additional \$495,000 each year in paid benefits for all employees of the company.

**Source: Department of Commerce*

Goods & Services	2003	1997-2003
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Columbia County	\$138,000	\$942,000
Walla Walla County	\$1,777,000	\$6,299,000

Columbia REA made direct expenditures in the local community that totaled over \$7 Million in goods and services from 1997-2003. On average, Columbia REA spends over \$1 Million per year on goods and services with local vendors and businesses.

Community & Economic Development	2003	1997-2003
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<u>Business & Economic Development</u>		
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Columbia County	\$52,000	\$205,000
Walla Walla County	\$993,000	\$3,899,000

<u>Civic Development & Charitable Contributions</u>		
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Columbia County	\$6,610	\$35,000
Walla Walla County	\$15,320	\$85,300

<u>Education Programs</u>		
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Columbia County	\$7,700	\$23,200*
Walla Walla County	\$11,700	\$31,200*

* 1999-2003

Business & Economic Development

Business and communities cannot grow and prosper without proper infrastructure. Roads, utilities, broadband and the likes provide the foundation in which economic development can occur. While it is the practice of some utilities to charge the customer upfront for the build-out of infrastructure, most Cooperatives like Columbia REA have a different philosophy. We apply an upfront credit to the total cost of construction, which varies by rate class. In addition, we provide the customer the option to finance the balance less the credit and amortize it over a 10 year time period.

In many cases, this credit allows the development to actually take place. With the rising cost of building this policy, in many cases, facilitates the project to move forward. The idea is to aggregate the benefit of expansion for the membership while minimizing risk for the individual customer. From 1997-2003 Columbia REA provided over \$4.1 Million in line extension credits for residential and commercial development.

In addition, in 1999 Columbia REA established a revolving loan fund. This program allows local businesses to apply for funds for various economic development projects based on a set of criteria. In 2001 Columbia REA loaned \$150,000 to a local Internet company for a Broadband build-out. The project was completed and the loan was paid in 2003. Currently Columbia REA has over \$250,000 in funds available for local economic development loans.

Civic Development & Charitable Contributions

Columbia REA spends significant amounts time and dollars on dedicated projects in the communities we serve. In 2003 the company contributed over \$22,000 and from 1997-2003 over \$120,300 was contributed to local efforts.

There are many activities that are included under this category, safety training for local fire and law enforcement, chamber of commerce activities, downtown renewal efforts, county fair programs, and 4-H programs. Columbia REA also sponsors activities such as Walla Walla College Athletics Department, City of College Place Fun Days, HWY 12 Collation, the Children's Museum of Walla Walla, and local events such as All Wheels Weekend and Christmas Kick-off to name a few. In addition, we also adopt local families in need during the holiday season.

Education Programs

Since 1999, Columbia REA has been offering scholarships to local graduating seniors or high school graduates whose primary residence is served by Columbia REA. The program awards \$14,000 in scholarships each year. To date, Columbia REA has paid out \$49,000 in funding for post-graduate schooling. Columbia REA also instituted a school safety program in 2003. The goal of this program is to provide in-class training to elementary school children on electrical safety.

Columbia REA's Employees and Board Members

There are many contributions that cannot be measured by a dollar amount. At Columbia REA most if not all of our employees take an active role in the community in which they live. Most employees bank locally, shop locally, worship locally, and eat locally. They provide their time and money to local activities such as the Columbia County and Walla Walla Fairs, All Wheels Weekend, school programs and sporting events. Over 80% are home owners and 95% are registered voters. From the 31 employees, there are 20 dependants in the local school systems. They are your neighbors, Rotarians, volunteer fire fighters, local advocates for children's programs and much more. They are important members of the community providing reliable cost-effective power and high quality customer service.

Conclusion

At Columbia REA, we do a host of things to give back to the communities that we serve. Simply existing as a business that provides jobs, taxes, and wages are the most noted. In addition, Columbia REA provides many other benefits to the communities by way of civic, educational and charitable contributions. But when one looks at the totality of what Columbia REA provides to the communities it serves, that is when you can really see the power of its presence. And then if you can, think for a moment what it would be like if it wasn't there. That is how you measure true economic impact.