



## FREQUENTLY ASKED QUESTIONS

**Q. What is Salem Electric?**

A. Salem Electric is a cooperatively-owned electric power distributor.

**Q. What do you mean by cooperatively-owned?**

A. Salem Electric is owned by those it serves. Each member-customer pays a one-cent membership fee when they start service.

**Q. What is the difference between Salem Electric's and Portland General Electric's type of ownership?**

A. PGE is owned by stockholders, who may or may not be PGE customers and Salem Electric is owned and governed by its members.

**Q. What is the advantage of cooperative ownership?**

A. Salem Electric is owned entirely by those it serves. The members have the ultimate say in rates and policies. Earnings benefit the members through lower rates.

**Q. Does Salem Electric have a program for returning equity to members?**

A. Yes, a program of refunding capital reserves began in 1978 and continues today.

**Q. Does Salem Electric have a tax advantage due to its cooperative ownership?**

A. As a non-profit cooperative corporation, Salem Electric pays no profit income tax. However, Salem Electric pays all other taxes, including taxes on its land and buildings; 5% of its gross revenue which is earned within the city of Salem and 5% in the city of Keizer; 4% of all its revenue, less power cost, to the State of Oregon (this amount is then distributed to Polk and Marion counties). In addition, Salem Electric pays gasoline taxes, vehicle taxes, PUC taxes, and telephone excise taxes.

**Q. How is Salem Electric managed?**

A. Salem Electric's policies are established by a seven-member Board of Directors, elected by the members and from the members, serving three-year terms. The board meets monthly and board meetings are open to the members. The board is responsible for appointing a general manager whose responsibility it is to carry out board policy and oversee the operation of Salem Electric.

**Q. How old is Salem Electric?**

A. Salem Electric was organized in 1938 and the system was energized at 7:30 p.m. on April 24, 1941, serving 17 residential and five commercial accounts.

**Q. What is Salem Electric's service area?**

A. Salem Electric serves a majority of the West Salem area and portions of downtown Salem, Keizer, Portland Road and the Northgate area.

**Q. Is Salem Electric regulated by the Public Utilities Commission?**

A. No. As a cooperative, Salem Electric's rates are not regulated by the PUC. Salem Electric is self-governing with rates established by the Board of Directors, who in turn are elected by the members.

**Q. Where does Salem Electric get its power?**

A. Salem Electric buys its power from the Bonneville Power Administration. Approximately 50 percent of Salem Electric's operating costs are for the purchase of power.

**Q. How is Salem Electric financed?**

A. While most electric cooperatives borrow large sums of money from the federal government through the Rural Electrification Administration, Salem Electric has used capital generated through rates and conventional lending institutions.

**Q. What are Salem Electric's goals?**

- A.
- 1) Service Reliability
  - 2) Financial Integrity
  - 3) Good Customer Relations
  - 4) Good Employee Relations
  - 5) Low Rates