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The economic challenges of a rural service provider

Manager's Corner

by Gary Jackson, CEO/General Manager

Being a rural service provider presents a unique set of challenges — most of which are reflected in our cost to provide service to our members.

For example, it costs slightly more for Harrison Rural Electrification to build a mile of power line than it costs larger utilities like Allegheny Power or Appalachian Power. The difference is mainly due to the rural location of our members. Consequently, we receive about one-eighth to one-fifth the amount of revenue per mile that they earn.

The higher cost, and lower return, is the main reason why the investor-owned utilities are not interested in serving the rural areas where many of our members have built their homes.

It also means we have significantly less revenue to spread our costs over, which makes it difficult for us to be cost-competitive with municipal utilities and suburban providers.

We also serve one-sixth to one-fourth the number of customers per mile of line installed. This means we extend service to fewer people, which gives us a noticeably lower return on that "mile of line" investment. Again, this reduced revenue impacts our cost of doing business.

Plus, our customers are primarily residential. In fact, about 85 percent of our revenue comes from residential customers, whereas the other two investor-owned utilities get the bulk of their revenue from commercial and industrial customers. This means less revenue for us, when compared with our competitors.

But all of that doesn't deter us from our dedication to quality service. In fact, while we earn less, we invest more in our service. This again is due to the rural nature of our service area. It's also because we're customer-owned and our members demand and deserve quality service and reliability.

Furthermore, due to the rural location of our members, tree vegetation issues dictate that we spend a larger sum of money to maintain our utility rights-of-way.

Finally, while HREA may not be the lowest-cost provider, we work hard to be cost-competitive, despite our rural disadvantages, and still provide the best level of service available. Additionally, HREA still continues to maintain the human connection with our membership, and automated answering devices are not planned for anywhere in the near future.

New addition to our co-op family

Well, we haven't had this kind of news for quite a few years, but we are happy to announce the arrival of Bristol Maria Bailey, born May 31, to lineman Sean Bailey and his partner, Pam Gobeli. Bristol weighed in at a petite six-and-a-half pounds with a headful of coal-black hair. What a precious little baby doll she is!

Congratulations, Sean and Pam, from your co-op family.

Back-to-school health tips

As your kids head back to school this fall, they're probably eyeing that backpack featuring characters from this year's hottest television show or the latest fashions from the mall.

They're probably not quite as in tune with the shots and safety tips they need to stay healthy — which makes your job as a parent even more important.

Here are a few health and safety tips from the U.S. Centers for Disease Control and Prevention (CDC) and the American Academy of Pediatrics (AAP) to help your kids stay healthy and thrive through the beginning of the school year and beyond.

Make sure they're up to date on their shots.

According to the CDC, in most states it is the responsibility of parents, not family doctors, to provide shot records to the health department and to schools.

And for good reason: today, we move, travel or change doctors far more often than our parents and grandparents did. Also, doctor's offices and clinics store records of children's shots and the dates they were received only for a few years.

It's very important for parents to stay on top of this because in most states, children are not allowed to enter school or childcare centers unless they can prove that they've had all of the required shots for their age group.

Want more information? Visit the CDC website (www.cdc.gov/vaccines/default.htm) for shot schedules, recommendations and guidelines, and charts that you can download and print to track your child's shots.

Make the first day easier.

Remind your children that they are not the only ones who may be uneasy about the first day. Point out the good points of starting school — they'll see old friends and will meet new ones.

Remember backpack safety.

Choose a backpack with wide, padded straps and a padded back. Pack light — the backpack should never weigh more than 10 to 20 percent of your child's body weight. That means your 80-pound son's load shouldn't weigh more than about 15 pounds.

Get there (and back) safely.

Teach your child how to be safe on the bus, walking on sidewalks and riding in the car. Make sure your child knows these basic safety tips. The complete list of tips is available on the AAP website at www.aap.org/advocacy/releases/augschool.cfm.

School Bus

If your child's school bus has lap/shoulder seat belts, make sure your child knows how they work and to wear them at all times when on the bus. If your child's school bus does not have lap/shoulder belts, ask the school to buy or lease buses with lap/shoulder belts.

Always wait for the bus to stop moving before stepping off the curb to get on.

Take a seat right away and do not move around on the bus.

Car

All passengers should wear a seat belt and/or use an age- and size-appropriate car safety seat or booster seat.

Your child should ride in a car safety seat with a harness as long as possible and then ride in an approved booster seat.

Your child should ride in an approved booster seat until the seat belt fits them properly (usually when the child reaches about 4' 9" in height and is between 8 and 12 years of age).

All children under 13 years of age should ride in the rear seat of a car.

Remember that many crashes occur while new teen drivers are going to and from school.

You should limit the number of teens in the car with a teen driver to prevent driver distractions; this even is required by law in many states.

Bike

Always wear a bicycle helmet, no matter how short or long the ride.

Ride on the right side of the road, going the same direction as the traffic.

Use appropriate hand signals when making turns.

Follow traffic light and stop sign rules.

Wear bright-colored clothing to increase visibility.

Know the "rules of the road."

Walking to School

Make sure your child's walk to school is a safe route with well-trained adult crossing guards at every intersection.

Be realistic about your child's ability to walk to school without an adult. Because small children don't have a lot of experience around traffic, they may take risks that could put them in harm's way. Carefully consider whether or not your child is ready to walk to school without adult supervision.

Bright-colored clothing will make your child more visible to drivers.

Preparation key for home fire safety

Each year nearly 4,000 Americans die in house fires and another 20,000 are injured, according to the U.S. Fire Administration. Most residential fires occur between 8 p.m. and 8 a.m., with the majority of deaths occurring between midnight and 4 a.m. — when most people are asleep.

Smoke alarms

Installing smoke alarms on every level of a home helps prevent such tragedies. Smoke alarms should be placed near bedrooms, but not so close to the kitchen that you experience problems from alarms going off when cooking.

It's a good idea to have a smoke alarm in each bedroom, too, especially if you sleep with the door closed. Smoke alarm batteries should be tested every month and changed with new ones at least once a year. Also, replace the entire smoke alarm every 10 years or as the manufacturer recommends.

Escape plans

Unless a small fire can easily be controlled, leave firefighting to professionals and vacate your residence. A home fire can become deadly in as little as three minutes. Every second counts when escaping from fire.

So develop a fire escape plan and practice it with all members of the family at least twice a year. The first step involves creating a floor plan and marking regular and secondary evacuation routes. The backup route could be out a window that leads onto an adjacent roof or down a collapsible ladder. Only purchase ladders evaluated by a nationally recognized expert, such as Underwriters Laboratories.

Make sure windows can be opened easily, screens removed quickly and security bars equipped with quick-release devices. Have all members of the family practice opening windows.

In the event of fire, immediately leave your home and do not waste time saving property. If you must escape through smoke, remember to crawl low on the ground and keep your mouth covered.

Fire experts recommend sleeping with doors closed. It takes 10 to 15 minutes to burn through a wooden door, which gives you more time to escape.

When arriving at a closed door during a fire, use the back of your hand to feel the door — especially around cracks and the knob — to see if it is hot. If it feels hot, use another exit. Even if the door feels cool, open it carefully, bracing yourself to close it if necessary to avoid smoke and fire entering.

If you are trapped in a room, keep doors closed between you and the smoke or blaze. Stuff blankets in cracks around the door and cover vents to keep smoke out. If there's a phone in the room, call 911 to notify the fire department of your exact location. Wait by the window and signal with a sheet or flashlight.

Families should designate a meeting place — such as a specific tree or the end of the driveway — to make sure all members have gotten outside safely. Assign one person to go to a neighbor's house to phone the fire department. Remember to escape first and then dial 911.

Children as young as 3 can be taught to exit a home safely in the event of fire. Have children practice crawling on the floor and teach them not to hide under beds or in closets when they are scared but to exit as planned. Some children are afraid of firefighters dressed in full gear. Take them on a tour of a local fire station and see firefighters in uniform.

Special care should be taken with infants, toddlers, the elderly or disabled who may need extra help. Individual plans should be developed for these folks as part of your fire escape plan.

Source: U.S. Fire Administration

Why keep power lines in harm's way?

High winds and icy conditions can cause tree limbs to fall on power lines, triggering outages. Although Harrison REA lineworkers are on call round the clock and respond quickly to problems, some folks ask a simple question: Why keep power lines in harm's way?

There are two ways electricity can be delivered to a home: through overhead or underground power lines. Although underground lines may seem attractive during storms since the lines are not exposed to extreme weather, the technology doesn't always make sense for electric co-ops focused on affordability.

In Georgia, for example, installing power lines underground costs double the amount per foot compared to overhead. In Iowa, building underground lines averages between $85,000 and $100,000 per mile while overhead line construction runs about $60,000 per mile. In mountainous or rocky areas, where linemen sometimes resort to using dynamite to install utility poles, the price tag may be even higher.

Most underground lines nationally are found in subdivisions where developers request and pay for the option for aesthetic reasons or to comply with local statutes. A high concentration of homes in these areas helps spread out the expense. According to Hi-Line Engineering, a Georgia-based utility consulting firm, nine out of 10 new subdivisions are served by underground cable.

But the bulk of the nation's cooperative energy (including that provided to subdivisions) continues to be delivered via overhead lines — 16 percent of the 2.5 million miles of distribution lines owned and maintained by electric co-ops across the nation are found underground (although the amount grows by approximately 1 percent annually). Co-ops are not-for-profit, selecting distribution methods with two goals in mind: keeping electricity affordable and reliable for consumers.

There are pros and cons to both forms of power distribution. For instance, underground facilities are more reliable during storms and generally require less right-of-way maintenance because there are no trees, brush and other vegetation to clear away.

However, faults in underground power lines are not easy to track down and fix. A North Carolina study found that outage restoration times averaged 92 minutes for overhead lines compared with 145 minutes for underground lines. In 2005, Hi-Line Engineering compared the increased cost of underground lines against their benefits in Virginia. The results: underground savings did not outweigh the heavy initial cost of installation.

"If a tree falls on a line, you can normally drive down the line, see the problem, and get to work restoring power." explains Operations Manager Alan Cox. "The same holds for repairing broken insulators and crossarms — if you see it, you can fix it. But underground lines are tough to troubleshoot. You can't find a problem with your eyes — you have to search harder for it, tracking it down based on where the power flow stops. Then a line crew has to dig a hole to reach the spot before repairs can be made."

For most co-op consumers, affordable overhead lines will remain the norm, at least for now. To find out more about how Harrison REA is looking out for you, visit www.harrisonrea.com.

Source: NRECA, Hi-Line Engineering, Flint Energies, Maquoketa Valley Rural Electric Cooperative

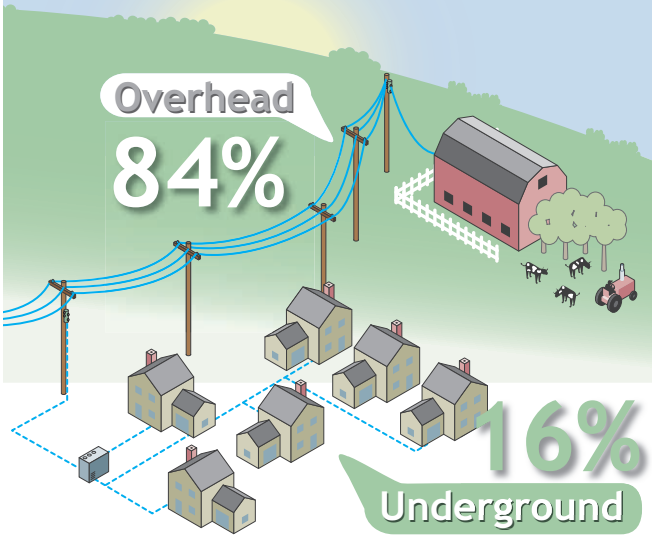
Energy Efficiency Tip of the Month

Consider using ceiling and other fans during the cooling season. They provide additional cooling and better circulation so you can raise the thermostat and cut down on air conditioning costs. ENERGY STAR-certified ceiling fans do even better, especially those that include compact fluorescent light bulbs.

Source: Alliance to Save Energy

How is your power delivered?

Electric cooperatives own and maintain 2.5 million miles of distribution lines across America. The majority are overhead lines, while 16 percent are underground.



Source: NRECA, Funnel Inc.