



MESSAGE FROM THE CEO/GENERAL MANAGER

LOOKING FORWARD

We speak frequently on making plans for the future and initiating processes and procedures to make these plans a reality. There have been and will be in the future distinct “difficulties” that make these processes and procedures subject to change. Another significant part of all of these plans relates to the inter-connectivity of various steps. There are several areas where it is necessary to complete one step of one plan before a step in another plan can be completed. By any measure, we have come a long way from where we were just five years ago, but we still have a whole lot of work to do in order to achieve our overall goal.

The very first plan involved a complete change in philosophy on how to run the business side of the cooperative. The old philosophy followed a path where the belief was to just keep borrowing money to complete the work that needed done. In fact, several years ago the cooperative borrowed money just to fund a general capital credit retirement. This philosophy quickly built up a huge debt for a cooperative of our size and very nearly led to bankruptcy. Our new philosophy is financially responsible through calculated spending based on what we can afford, examining our expenses and making changes as necessary to ensure we are operating responsibly. This conversion has not been easy. In fact, old tendencies sometimes try to creep back into the mix which is one of those “difficulties.”

The second plan involved tackling that huge debt left to us by our predecessors. After several changes were put into place, we are now following our plan to reduce long-term debt to a more reasonable amount. Given the costs of maintaining infrastructure and equipment, it is unrealistic to think we can ever be debt free. We can however regulate debt so that the amount and terms are reasonable. It is really hard to find material and equipment that has a true thirty year life expectancy in today’s world so why would you finance anything for thirty to thirty-five years. Based on our analysis, we do not expect to achieve our goal for another ten years in the worst-case scenario.

The next plan involves establishing a general capital credits retirement plan. We are currently retiring over \$50,000 per year of capital credits; unfortunately that is being accomplished through estate retirements. As a review, capital credits represent the membership’s

investment into the cooperative’s assets and are allocated to each member based on his or her consumption on an annual basis. Estate retirements occur when the member/joint members pass away and can be claimed during the settlement of last survivor’s estate. A general retirement is where the board of directors authorizes payment of partial and/or whole years of past capital credits based upon the financial ability of the cooperative to make said payments without creating an adverse financial condition. This is a prime example of where steps in one plan must be completed before steps in this plan can be completed.

Other plans involve improving reliability and consolidating offices. We have already been working on improving reliability through our heightened vegetation management program, infrastructure maintenance, and infrastructure upgrades, including additional 138-kilovolt (kV) substations. As mentioned before, we are very near attaining a six-year cycle on right-of-way maintenance. We still have hundreds if not thousands of ash trees to address, which may take a few years.

We have made equipment upgrades at strategic points that have helped improve reliability, but still have several more upgrades we need to make. In truth, this plan will never be completed — as soon as we get “done,” it is time to start again. We are still looking to add 138-kV substations and eliminate metering points. In doing so, we hope to build more reliable backup capabilities throughout the system. The “difficulties” here are the costs and negotiating adequate supply from the transmission provider.

We believe that there are operational efficiencies to be gained by consolidating our office locations into one spot. We are very early in developing this plan, but each year brings us closer to having to make a move as existing building continue to deteriorate.

It took more than 80 years to get where we are, and there are no quick fixes. As such, please be patient as we work through all of these plans to make the cooperative what it should be.



Terry Stout
CEO/GENERAL MANAGER



MAPPING MINUTE

The *more* you know

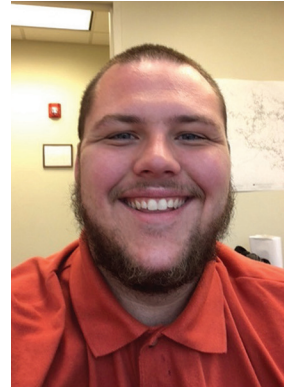
Good day to all of you wonderful intellectuals out there! School may be close to being out for the summer, but we could all stand to benefit from some more knowledge. Since I am such a geography nerd and I absolutely LOVE useless facts I am going to share some quick geographic facts about the wonderful planet we call home.

- The continents (tectonic plates, actually) shift at about the same rate as your fingernails grow.
- Africa is the only continent that spans all four hemispheres (North, South, East, and West).
- Ninety percent of the world's population lives in the Northern Hemisphere. This makes sense when you consider the USA, China, and Europe are all in this hemisphere.
- Vatican City is the smallest country in the world. It is also one of the few landlocked countries completely surrounded by a single country.
- Canada has more than half of all the natural lakes in the world. A whopping nine percent of the country is covered in fresh water.
- In the Philippines, there's an island that's within a lake, on an island that's within a lake, on an island. It's island Inception!

- Russia spans 11 time zones. At one end of the country, it is morning, while the other end is in evening time...IN A SINGLE COUNTRY! C'mon people — that is awesome.

- Alaska is the USA's most western and eastern state. Some of the Aleutian Islands cross the 180° Longitude which puts it into the Eastern Hemisphere making it our most eastern state.
- If the world were as densely populated as New York City, the entire world population could fit inside of Texas!
- Since this is May, did you know Mother's Day was first observed at Andrews Church in Grafton on May 10, 1908? Thank you Anna Jarvis!

So there you have it. A few facts that you can use to impress family and friends at your next get-together! Now enjoy the warm weather and thank your momma for putting up with you for all of these years! This has been your Mapping Minute.



Michael Griffith
GIS SPECIALIST



Make, model, capacity — oh my!

Tips for purchasing new appliances

The Sloboda family needed a new refrigerator, so Brian volunteered to do the shopping. After all, he's a national expert on electric appliances. But he came home frustrated. There were just too many choices, even for the guy whose job title is program and product line manager for energy utilization, delivery, and energy efficiency at the National Rural Electric Cooperative Association.

"Just buy whatever you want," he told his wife. So when she brought home a model, he was finally able to use his in-depth knowledge to look it over.

"Why didn't you get the version that has a camera inside, so you can use your smartphone in the grocery store to see if we need more milk?" he asked.

"Because it costs \$500 more," she said. That, said Brian, was a good reason.

That's the kind of reasoning we're all going to be doing in the coming months and years as we grapple with the newest trend in appliances — connection to the internet.

Sounds nice, but is it worth it?

"There's a Crock-Pot® app," he says. "Does that have value to you? It might if you use a Crock-Pot a lot."

"There are infinite possibilities," says Sloboda. "They sound nice when you first hear about them, but you have to remember you are paying more for those features. You must decide what things actually provide value to you."

Web-connected appliances could also offer online diagnostics. There might not be strong everyday reasons for a washing machine to be hooked into cyberspace, but if it broke, the manufacturer could log in to figure out what's wrong. That could help decide the best way to repair or replace the equipment. But is it worth the extra cost?

"It's a good feature," says Sloboda, "but one you're only going to use when the appliance breaks."

If you're longing for lower-tech help in decision-making, look to the yellow and black U.S. Department of Energy's ENERGYGUIDE label on each appliance.

The most useful information is the big dollar figure right in the middle of the label, showing what it will cost to

use that appliance for a year. The number doesn't tell you exactly what you will pay, because it doesn't use your local electric co-op's kilowatt-hour rate. But it's a perfect way to compare appliances, because every appliance's label is based on the same national average electric rate.

Taking charge of your appliances

Other especially useful parts of the label, Sloboda says, include the lower right corner — if you see an ENERGY STAR® logo, it means the appliance will use less energy than one without.

Sloboda also advises paying attention to the age of your major energy-using appliances. Motors start degrading in refrigerators and in heating and air-conditioning systems. He says to consider upgrading air conditioners and heat pumps older than 10 years, and refrigerators older than eight years.

The Department of Energy offers a handy way to check whether it's time to replace your refrigerator: Visit EnergyStar.gov and search for the "flip your fridge calculator." You'll find a link to a page where you can enter your type of refrigerator and its age to calculate how much you'd save buying a new one.

Your co-op can help

All these options mean more decisions for consumers. But help is on the way.

Sloboda says that electric co-ops are working with two national laboratories to study the most useful ways to connect appliances with the internet, and with the utilities that provide the electricity. He says that over the next two years, the study will report on how consumers can more easily make decisions on how to use appliances, and even how to enhance cybersecurity for the growing number of internet-connected devices in the home.

Sloboda says the aim of the study is "to understand what the value of internet-connected devices is to the consumer. Then the manufacturers can start to build products that the consumer wants."

The study will also look for futuristic-sounding ways that co-op members can sign up for optional utility programs to help homeowners decide how they want to use electricity.



NOTES

*“All that I am, or ever
hope to be, I owe to my
angel mother.”*

Abraham Lincoln

Happy Mother’s Day!



The office will be closed on
Monday, May 28,
in observance of Memorial Day.
We remember all those who
gave the ultimate sacrifice
serving our country.

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