

News Flashes

Celebrating

75 Years
1936 - 2011



**Harrison County
Rural Electric Cooperative**

Your Touchstone Energy® Partner



JUNE 2011



Board to Review Cost of Service Study

By Joe Farley, Manager/EVP

The directors you elected to oversee operations at Harrison County Rural Electric Cooperative are engaged in an important task related to setting the cooperative's electric rates.

As we all know, the cost of electric power has risen substantially over the past several years and likely will continue to increase. Your cooperative directors have hired a respected rate consultant firm, C.H. Guernsey & Co., to conduct a cost of service study. The directors will use this study to create a rate structure so that each type of cooperative member pays his or her fair share of the cost of service to that member. A decision is expected by late this year.

A cost of service study considers:

- Each member's share of the cost of wholesale power purchased by the cooperative.
- Each member's share of the cost to maintain a reliable electric distribution system needed to deliver that power to them.
- Each member's share of the cost of running the business of the cooperative (payroll, taxes, benefits, legal services, office expense, depreciation).
- Each member's share of the amount of short-term and long-term debt of the cooperative (principal and interest).
- Each member's share of the amount needed to keep the cooperative financially sound and to meet minimum financial standards from the cooperative's lenders.

Your cooperative serves several types or classes of members. They are:

- Farm and residential
- Irrigation
- Irrigation (interruptible/controlled)
- Commercial/industrial under 1,000 KVA
- Commercial/industrial over 1,000 KVA
- Sales to public authorities
- Sales for resale to others

Each of these classes of members has different power usage and uses cooperative facilities somewhat differently and, therefore, each causes their cooperative to incur cost somewhat differently. This is why each of these rate classes have different rates.

Once all of the cooperative's costs are allocated to the member classes through the cost of service study, the board can consider the revenue the cooperative needs to meet its financial goals. Rates are then set for each member class to cover their share of anticipated costs and collect a small margin to meet lender financial covenants.

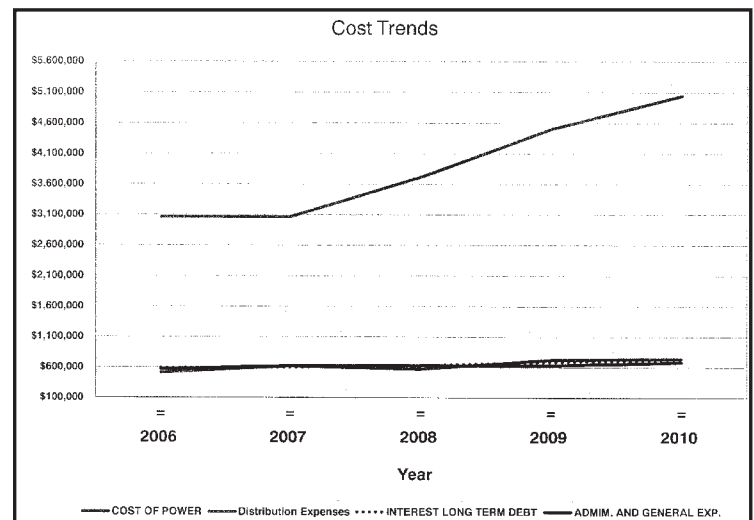
The board expects that the cost of service study may show that a rate increase may be necessary. If there is a rate increase, the pow-

er cost adjustment factor or "PCA" will be re-set to zero. Harrison County REC charges its members the PCA each month, to recover changes in power cost that have occurred since November 2008. This PCA has gotten rather large because, while the cooperative's member rates haven't changed since 2008, wholesale power costs have steadily increased. The PCA functions much like a "fuel adder" cost that shipping companies charge when gas prices spike.

Wholesale power costs vary each month, based on two things: the total number of kilowatt hours used (measured by the spins of the meters) and the greatest demand for electricity at any one time during the month (when the most electrical devices are turned on at the same time.) It is important to note that the PCA "flows through" changes in wholesale power cost to members. Your cooperative has not raised rates since 2008. All the added costs recovered through the PCA since then do not stay at Harrison County - they are passed through directly to our power supplier.

As mentioned above, if rates are changed, the PCA will be "reset" or "rebased so that current power costs will be recovered through rates and so that the PCA in the future will be recovering changes from current power cost, as opposed to 2008 power cost.

Your cooperative directors and employees are doing their best to control costs by being efficient and using resources wisely. The cost of service study is one of the ways the directors are keeping your cooperative financially healthy with rates that are fair to all members.





Member Service Department Update

Load Management Season Is Here!

By Randy Coyle, Director of Member Services

Once again, it is the time of year where extreme temperatures coupled with high usage will trigger load control action by our power provider, Northwest Iowa Power Cooperative (NIPCO). The objective of the Switch Makes Cents load control program is to better serve the needs of our members by providing a discounted rate to participating members in exchange for your agreement to authorize NIPCO to

remotely control your heating, air conditioning, water heaters, and irrigation systems during peak usage times.

NIPCO maintains the policy of controlling load at any time it feels the opportunity will have the optimum results in reducing peak electric load demand on the system. An electric utility operates most efficiently when the load remains constant 24 hours a day. Our lifestyles, however, often cause the demand for electricity to vary greatly hour to hour, especially when temperatures are at extreme levels.

On an individual basis, a load control switch is installed at the member's home or at an irrigation service to control specific equipment. Members participating in the Switch Makes Cents program are provided a special rate of 3.5 cents per kilowatt-hour for electricity used by the controllable service. To qualify for the rate, a member must sign an agreement allowing the cooperative to install the switch and remotely control the service at peak times.

Load control times and intervals may vary. Participants are urged to be aware that if a controllable service is not working, NIPCO may be in a load control mode. Please be patient. Typical interval times may vary, but usually are not on a prolonged basis. By reducing demand at peak times, the cooperative saves money on electricity costs, and this savings is passed directly to you.

Please be reminded that the terms of your Switch Makes Cents agreement specifically prohibit anyone from tampering, altering, or modifying the load control equipment and any electrical apparatus so as to circumvent its operation. Members may not install or add any electrical powered devices to consume electricity through the system without first obtaining the expressed written consent of the Cooperative. Override devices will not be allowed.

Please be advised that any bypass or alteration of the load control mechanism will result in cancellation of the Switch Makes Cents agreement and removal of the control mechanism without further notice for a period of not less than 12 months. Do not direct or authorize a contractor or electrician to tamper with or bypass your load control switch. The Cooperative will enforce the terms of the load control agreement. If you have questions or concerns about the operation of your system, please call the office.



your agreement to authorize NIPCO to

Members helping Members

Rural Electric Cooperatives have always extended a helping hand to those needing it. Now, in response to actions by the Iowa General Assembly, the REC has established RECare, a program of members helping members. RECare will provide funds to be distributed by local community action agencies to help pay winter heating bills and to assist in weatherization of homes of low-income consumers.

You may make a one-time contribution or you may make a monthly pledge that will be automatically added to your monthly electric bill. You may also make your contribution part of a matching fund, if there is one established. Even a dollar a month pledge will help others.

Consumer Authorization Form

Yes! I want to be a part of members helping members and contribute to RECare.

_____ I will make a one-time contribution to RECare. My check is enclosed.

_____ I will contribute \$_____ per month to RECare.

I understand this amount will be added to my monthly electric bill.

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Account Number: _____

Mail to: **RECare**

Harrison County Rural Electric Cooperative

P.O. Box 2

Woodbine, IA 51579-0002

Complaint Procedures

Harrison County Rural Electric Cooperative (REC) does its best to see that you are satisfied with your utility service. However, if you need assistance resolving a complaint or a concern regarding your utility service, please contact us at Harrison County REC, 61 Fourth Street, P.O. Box 2, Woodbine IA 51579, 647-2727 or 800-822-5591. A cooperative representative, qualified to assist in resolving the complaint, will be available.

If your complaint is related to the Harrison County Rural Electric Cooperative service rather than its rates, and our staff does not resolve your complaint, you may request assistance from the Utilities Division at the following address and/or numbers: Iowa Utilities Board 515-281-5979 or 877-565-4450 Email: iubcustomer@max.state.ia.us or Mailing: Iowa Utilities Board 350 Maple Street Des Moines, IA 50319-0069



Energy Efficiency

Tip of the Month

Does your home have a window air conditioner? Make sure your window unit is properly weather stripped, and clean the filter monthly. Keep "fresh air" vents on window A/C units closed.

Source: Alliance to Save Energy

Tips for Beating High Summer Electric Bills

Don't let warmer weather turn into "summertime blues" when monthly electric bills arrive. Below are several energy-saving tips from Harrison County Rural Electric Cooperative (REC).

- Adjust the thermostat – As TogetherWeSave.com demonstrates, lowering a thermostat in winter can save up to \$85 per year. During warm months, raising the thermostat can also save money. Set the temperature between 78-80 degrees Fahrenheit, and you could save up to eight percent on monthly cooling bills.
- Be a "fan-atic" – They don't replace air conditioners or heat pumps, but fans do move air and help you feel more comfortable. On mild days, fans can save as much as 60% on electric bills. Fans cool people, not rooms, so turn them off when you leave.
- Regular maintenance is essential – Harrison County REC recommends that members have their HVAC systems serviced annually by a certified technician. They will check your entire system to make sure it runs efficiently. It will also extend system life and save money.
- Look for Energy Star equipment – When it's time to replace your cooling system, replace it with an ENERGY STAR-qualified model. This could reduce your energy costs by as much as 30 percent. Tax credits and rebates on qualifying ENERGY STAR appliances may be available so be sure to contact your cooperative for more details.
- Bigger isn't always better – If cooling equipment isn't sized properly, it could lead to higher electric bills. A unit that's too large for your home will not cool evenly and might produce higher humidity indoors. It's important to talk to energy efficiency experts at Harrison County REC.

Harrison County Rural Electric Cooperative office will be closed Monday, July 4th, to observe INDEPENDENCE DAY. Please call 800-822-5591 or 647-2727 for outages or emergency service.



News Flashes

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OFFICE HOURS
7:30 a.m. - 4:00 p.m.
Monday through Friday

Joe Farley, Manager/EVP
Jackie Androy, Editor

OVERSTOCK SALE

MECO ELECTRIC GRILLS

- ▶ ASSEMBLY REQUIRED
- ▶ LIMITED SUPPLY AT DISCOUNTED PRICES

Contact Randy Coyle

Member Service Director

712-647-2727 or stop in the office and see the display



Harrison County REC
Your Touchstone Energy Partner

MODEL 9325
WAS \$177.35
NOW ON SALE
\$145.05 + TAX



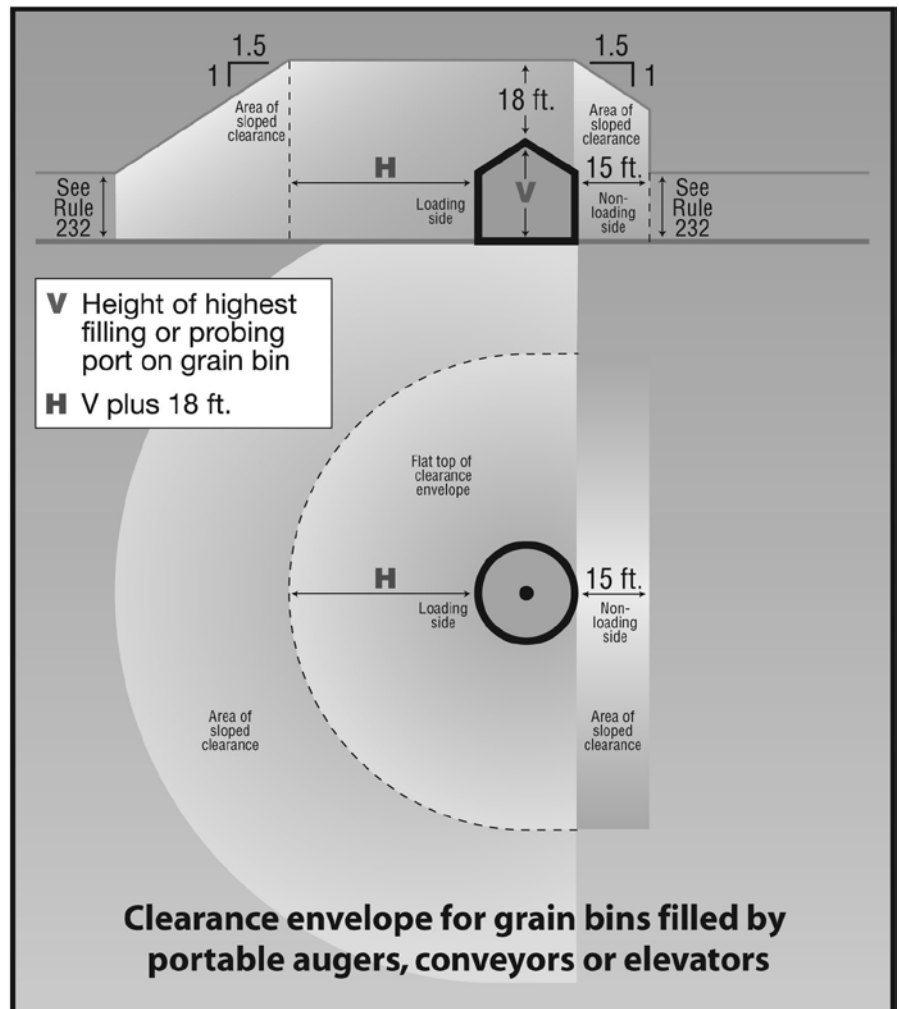
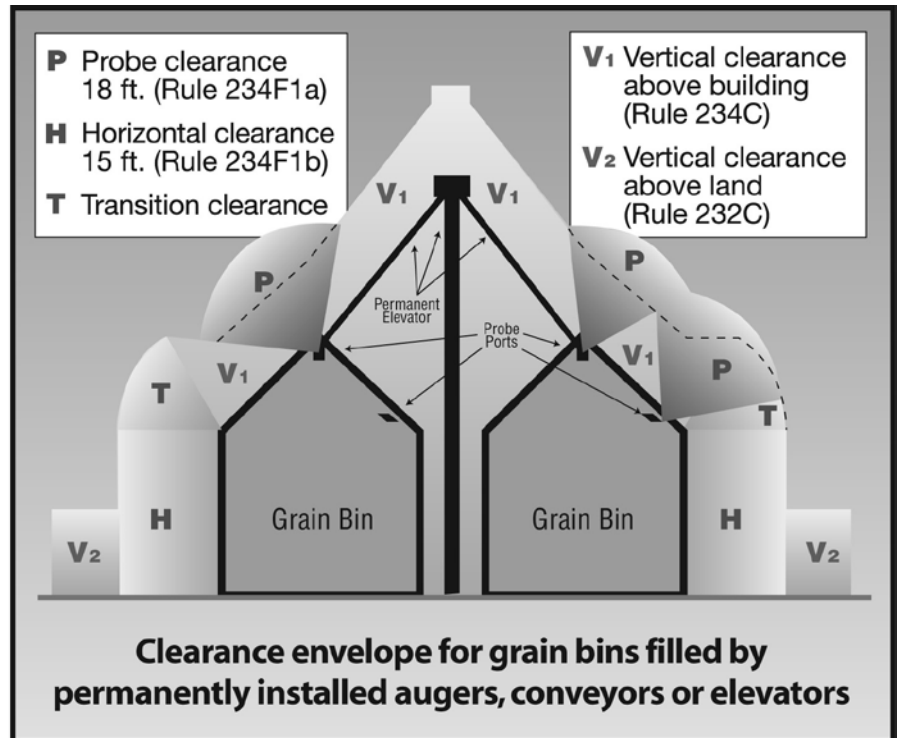
MODEL 9350
WAS \$210.46
NOW ON SALE
\$171.47 + TAX

Plan Clearances Around Grain Bins

Safety is very important on farms and proper clearance from electric lines is a large safety issue between Harrison County Rural Electric Cooperative and its members. When starting to plan for a new grain bin or move an existing bin, please contact Harrison County Rural Electric Cooperative, 647-2727 or 800-822-5591, and Northwest Iowa Power Cooperative to ensure you of meeting the National Electric Safety Code requirements. We will provide assistance in planning for a safe environment for everyone working and living around grain bins.

The State of Iowa requires specific clearances for electric lines around grain bins, with different standards for those filled by portable and permanent augers, conveyors and elevators. According to the Iowa Electric Safety Code found in Iowa Administrative Code Chapter 199 – 25.2 (3) b. An electric utility may refuse to provide electric service to any grain bin built near an existing electric line which does not provide the clearances required by the American National Standards Institute (ANSI) C2-2007 “National Electrical Safety Code”, Rule 234f. This paragraph “b” shall apply only to grain bins loaded by portable augers, conveyors or elevators and built after September 9, 1992, or to grain bins loaded by permanently installed augers, conveyors, or elevators systems installed after December 24, 1997. (As adopted by the Iowa Utilities Board.)

Harrison County Rural Electric Cooperative is required by the Iowa Utilities Board to provide this annual notice to farmers, farm lenders, grain bin merchants, and city and county zoning officials. The drawings on this page show the specific clearance regulations or what needs to be done before you begin placing a new grain bin or moving an existing bin. Again, if you have any questions concerning clearance regulations, please call our office, 647-2727 or 800-822-5591, for the safety of everyone involved.



Swap Column

WANTED - Front-end loader and bucket for John Deere 3010; Call 712-644-3065

WANTED – Good used heavy duty log splitter; Looks aren't important; call 712-592-1516

WANTED – Rabbit Hutches, Call 712-647-2434 after 7:00 p.m.

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