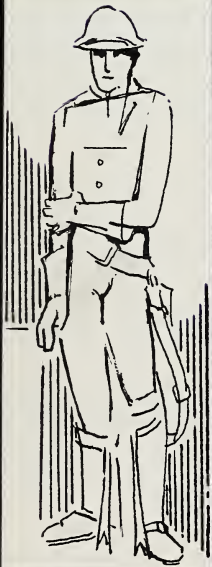
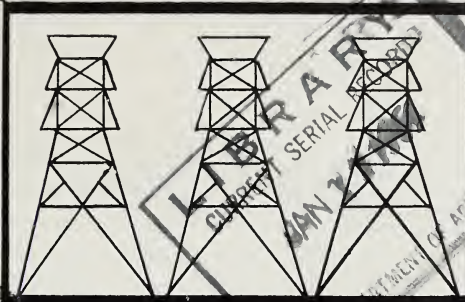


Rural Lines

RURAL ELECTRIFICATION, ADMINISTRATION • U. S. DEPARTMENT OF AGRICULTURE

DECEMBER
1960

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**EVERYBODY
SELLS
TELEPHONES** (Page 16)

**Better
Wiring** (Page 10)



FINANCIAL PLANNING

(See pages 2 & 3)

A Message from the

ADMINISTRATOR



The article which begins on the opposite page describes a financial plan and forecast to be developed along lines recommended by REA. Wayne Bond, president of Wheat Belt Public Power District, his fellow officers and directors, and Manager Charles Ham and his staff all deserve congratulations for the forthright manner in which they handled this pilot project. It represented a pioneer undertaking, both for Wheat Belt and for REA.

I commend their story to all managers and directors. I feel strongly that only by preparing a financial forecast and plan can today's board evaluate present policies intelligently and write new ones that lead a rural electric system in the right direction.

There will be more financial planning stories—as fast as borrowers complete forecasts and act upon them. Publication in RURAL LINES does not mean that our agency necessarily endorses the conclusions and policies of each borrower. For example, I feel that it would have been better if Wheat Belt's management had decided to invest a greater proportion of general funds in plant. This is a question, however, which each board must decide for itself.

Next month, RURAL LINES will publish its second financial planning article. It will tell the story of a Florida cooperative which decided, after examining its own financial forecast, to maintain a two-year cushion of credit on its debt payments, and to plow most remaining funds back into plant.

Rural Lines

David G. Hamel
Administrator.

Contributors to this issue: Hubert Kelley, Jr., Robert Cox, Louisan Mamer, Richard Gabel, Barton Stewart.



Combines move across wheat field near Sidney, Nebraska, where typical farm includes at least two sections.

A Financial Planning Story

NOW THEY KNOW WHAT TO DO

One of the first REA borrowers to complete a long-range financial forecast and plan is the Wheat Belt Public Power District, with headquarters at Sidney, in southwestern Nebraska. The story of its progress from uncertainty to confidence covers more than three years of debate, study, and experiment.

In a recent interview, Wheat Belt Manager Charles Ham recalled that he began worrying seriously about his District's future on the way home from

an REA Business Security meeting in 1957.

"I left that meeting with the feeling that REA was on the right track — and that we weren't," he remembered. "Several things about Wheat Belt bothered me. I wasn't satisfied that our rates were right. Our system was inadequate on service, particularly during emergencies. We needed more tie lines, and I felt that we had too few employees. We needed to spend some money for power



Wheat Belt Manager Charles Ham is a pioneer in financial planning.

use promotion, but our margins were tight. I really didn't know whether our system could take it if demand increased sharply. In short, we were afraid to do much of anything."

Charlie Ham had reason to worry. In 1957, Wheat Belt's total margin was only \$7,059. There were 2,370 consumers on 1,800 miles of line. Net worth was a low 1.5 percent of assets, and average plant investment per consumer was a high \$1,370. Kwh sales were 24.5 million kwh, but more than half were purchased by nonfarm consumers, including one oil pipeline pumping station which alone used more than 9 million kwh.

Ham decided to follow the advice of a local businessman who had once told his employees: "Look busy. If you can't find something useful to do, then jump up and down."

"I decided to start jumping," he said.

WHEAT BELT still had no long-range system plan, and that seemed to be a good place to start. Getting the okay from Wheat Belt's board of directors, Ham employed a consulting engineering firm in Colorado to develop a plan.

"But we asked our engineers to explore several alternatives," Ham declared. "First, we wanted to know what would happen to our system with normal load growth. What would happen if power consumption increased at the same rate in the future that it had increased in the past? We called the answer Plan A."

But Ham also wondered what would happen to the system under three other conditions: (Plan B) Normal load growth plus all the pump irrigation that Wheat Belt could promote; (Plan C) normal growth plus 50 percent of all homes on the lines heated electrically; and (Plan D) a composite of all these—normal growth, plus a big irrigation load and half of all homes with electric heat.

"When the engineers completed all four studies," Ham told us, "we took a very important step. I advise every borrower to take it.

"We sat back in our chairs, lit our pipes, and just looked at the thing. We talked for several weeks. We refused to hurry through to any decisions or to make any snap judgments. We let the plans speak for themselves.

"When we were through looking, we had some answers that surprised us."

CONSUMER DENSITY is lower at Wheat Belt than on the average REA-financed system. Farmhouses are few and far between on this windswept treeless plateau, where the principal crop is winter wheat. Each section lies fallow every other summer, producing a crop only once in two years. As a result, even a "small" wheat farmer needs at least two sections of land, and many farm 4, 5, or 6 sections. In such "thin" country, major decisions about electric plant must be made slowly and cautiously.

When Ham and his associates had finished looking at their four system studies, they knew positively that Plan A, the "normal growth" design, would prove the hardest to live with. It would result in the lowest margins and the highest cost per kilowatt-hour.

"Normal wasn't good enough," said Ham. "We discovered, however, that either Plan B or C would enhance our operation. But it was clear that Plan D—the plan involving both house heating and irrigation promotion

—would eventually result in the cheapest delivered kilowatt-hours to our consumers."

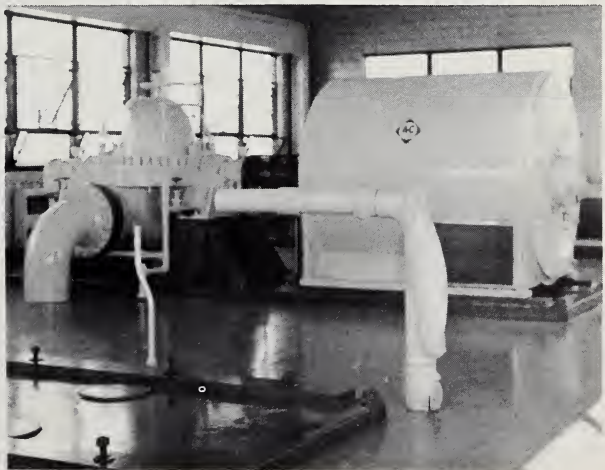
After deciding to pursue Plan D, Ham was ready to take a closer look at electric space heating. At the time, there wasn't a single electrically heated home on Wheat Belt's lines.

The Bureau of Reclamation furnished a load curve for Wheat Belt's part of the State and REA gave Ham a house-heating curve. Using both curves as guides, the manager concluded that a house heating load would improve Wheat Belt's load factor up to 5,000 kilowatts. Furthermore, the system could go to a 9,000 kw heating demand, and obtain a load factor no worse than the one it had already. In this 5,000 to 9,000 kw range, there would be no need for off-peak controls.

"We concluded," said Ham, "that for the first 5 or 10 years, house heating would be a more desirable load for us than irrigation. Our board of directors decided to concentrate on electric heat."

CHARLIE HAM'S planning story is not a one-two-three af-

Oil pipeline pumping station is Wheat Belt's biggest single consumer, using more than 13 million kwh last year. Size of motors shows why.



fair. "We were doing a lot of different things at the same time," he explained. "For one thing, we weren't through with our system planning. Once we had decided to go ahead with Plan D, we asked our engineers to study several alternatives in planning a system to deliver four times our present load.

"We have a good engineer, but if we had asked him for a single plan, he would have designed us a 69,000-volt transmission system. The facts pointed to a heavy plant. But we also asked him to design a 44,000-volt system and a 34,500-volt system as well.

"I suppose that we spent from \$3,000 to \$4,000 more for these alternate plans than we would have spent on a single plan. But after the plans were done, it was obvious that a 34.5 kv transmission system would do the job for us. As a result of this discovery, I estimate that in the next 20 years, Wheat Belt will save from \$250,000 to \$500,000 in plant investment."

Ham is aware that not every system will save half a million dollars by paying an extra \$4,000 for engineering. But he pointed out that if an engineer can save a borrower the cost of building just 3 miles of 3-phase line, that saving alone will pay for the added engineering cost.

"I feel strongly that every electric borrower should pay its engineer to examine all the alternatives he can dream up," Ham insisted. "The cheapest engineering job may result in the most expensive plant."

By 1959, Wheat Belt's management had arrived at two important decisions—d e c i s i o n s that

couldn't be made in 1957. First, it would vigorously promote house heating and encourage more irrigation. Second, it would make additions to plant, based on the selected long-range system plan.

"It was time to develop a long-range financial forecast and plan," Ham said.

HE TURNED to REA for help, and discovered that REA had as many questions as Wheat Belt. REA, which was in the process of writing its first comprehensive bulletins on financial planning and forecasting, agreed to work with Wheat Belt as a pilot project.

"We knew what we wanted to know," recalled Ham. "Could we afford a competitive house heating rate? How much could we spend on promotion? Outages had been running as high as 20 hours per consumer per year. Could we afford to improve service? To add maintenance employees? To build more tie lines?"

"What did we need on hand for working capital and contingencies? Should we try to make advance payments on our debt to REA? How fast should our net worth increase?"

With board approval, Ham put practically everybody to work on some aspect of financial forecasting—Gene Lienemann, his assistant manager; Lee Ross, office manager; and Stan Primus, system engineer. He also put his consulting engineer on the job, and REA sent its own staff members to Sidney as needed.

"THE ONLY WAY to begin a financial forecast," said Ham, "is to take a piece of ruled paper and a pencil, and just begin. We be-

<i>ASSETS</i>	1957	1960	1965	1969
Total Electric Plant	\$3,214,000	\$3,574,000	\$4,267,500	\$4,956,500
Less Reserves for Depreciation	678,000	967,000	1,351,000	1,875,000
Electric Plant Less Reserve	2,565,000	2,607,000	2,916,500	3,081,500
Working Capital & Contingency Funds	230,500	256,000	294,000	299,500
Other Assets & Debits	94,500	94,500	94,500	94,500
TOTAL ASSETS & OTHER DEBITS	2,890,000	2,957,500	3,305,000	3,475,500
<i>LIABILITIES</i>				
Operating Margins	42,000	174,500	637,500	1,123,500
Nonoperating Margins & Other Equities*	1,000	14,000	42,500	66,500
Long-Term Debt	2,815,000	2,726,000	2,582,000	2,242,500
Current Liabilities & Other Credits	32,000	43,000	43,000	43,000
TOTAL LIABILITIES & OTHER CREDITS	2,890,000	2,957,500	3,305,000	3,475,500
* Include Contributions In Aid of Construction				

Figure 1. Pro Forma Balance Sheet (selected years).

gan by trying to estimate the number of consumers—by classes—that would be added to our lines between 1959 and 1969.

“We didn’t anticipate too many additions to our lines. Perhaps 600 within the next decade, bringing our total to an estimated 3,059 by 1969. But when we moved on to the next step—estimating annual kwh consumption—our estimates pointed to a big increase. We decided that consumption would rise from about 33.5 million kwh in 1959 to 51.1 million kwh in 1969.

“I should point out that this was a very pessimistic prediction. We allowed for no new large power loads. First, we can’t tell at all what large loads may be added. So we decided that any new load would just have to pay its own way—plus a little bit more. That way, if a big load does come on our lines, we can confidently predict that it will enhance our system, not hurt it.”

Ham and his staff continued to estimate. Wholesale power offered no problem. Plans now under way indicate there will be

plenty. Irrigation studies showed that there was plenty of water underground. Nothing stood in the way of increasing irrigation loads.

In time, Wheat Belt developed a forecast of revenues and expenses (on an accrual basis) which peered ten years into the future. The PPD’s published financial forecast, which came out in May 1960, notes that “farm revenue shows the largest increase—approximately \$150,000 (by 1969). This is due to the increased use of electricity on the farm, and will occur only through an extensive power use program. House heating will increase by approximately \$90,000 . . . as most new homes now being constructed are heated by electricity.”

Final step, after months of trials, was a Pro Forma Balance Sheet, covering the years 1957 through 1969. Selected years are shown in Figure 1.

Of even greater interest to other borrowers, however, is the summary of Wheat Belt’s financial forecast, in Figure 2.

It is a dramatic illustration of

	1957	1960	1965	1969
Number of consumers	2,370	2,474	2,774	3,059
Annual KWH consumption	24,554,110	34,749,592	43,420,872	51,151,860
Annual operating revenue	\$ 489,923	618,000	768,000	901,000
Annual operating expenses	483,473	562,500	667,000	761,000
Operating & nonoperating margins	7,059	61,000	107,000	146,000
Loan fund advances	168,631	120,000	291,000	209,000
Annual debt service payments	108,729	137,500	179,500	214,000
Cumulative cushion of credit	50,000	272,000	724,000	1,199,500
Plant additions and replacements	191,000	139,000	303,000	221,000
Retirements	23,000	19,500	14,000	10,000
Electric plant end of year	3,244,000	3,574,000	4,267,500	4,956,500
Plant investment per KWH	13¢	10.3¢	9.8¢	9.7¢
Percent net worth	1.5	6.4	20.5	34.3

Figure 2. Summary of Wheat Belt's Financial Forecast (selected years).

growing financial strength. Note how operating and nonoperating margins rise from \$7,059 in 1957 to an estimated \$146,000 in 1969. Plant investment per kilowatt-hour sold drops to only 9.7¢, while net worth climbs from 1.5 percent of assets in 1957 to 34.3 percent in 1969.

Tables can tell but part of the story. The important thing is that the financial forecast enabled Wheat Belt's board to make vital decisions about the District's future. The forecast will come true only if Wheat Belt's management makes it come true. It is a guide. It isn't fortune telling.

THE ANNOUNCEMENT of one major decision came in May 1960, calculated to coincide with REA's twenty-fifth anniversary.

In a special issue of *The Sidney Telegraph*, the front-page headline stated:

"Wheat Belt Announces Reduction in Power Rates to 1¾¢ per Kilowatt-Hour . . . first rate revision in history of local system."

In addition, the story announced a new all-electric rate of 1½¢ (for everything over 500 kwh per month) for consumers

heating both their homes and their water electrically. A special 300 kwh block was set up at 1½¢ for consumers with electric hot water heaters only.

The announcement in the *Telegraph* was followed with radio plugs, an insert in the statewide magazine, and a discussion at a 25th anniversary banquet.

"Don't get the idea that we jumped into the house heating and rate decision," Ham warned. "The *Telegraph* announcement followed 18 months of studying, talking, and planning. We were pretty sure of our ground when we took the step. We had found that each house heating installation would return us the same net revenue over the next 20 years as a brand new consumer—and we wouldn't have to wait as long to start getting it.

"Already 30 homes on our lines are completely heated by electricity, and several more have heat in one or two rooms. We've made some 120 estimates, and we think many of these people will go for heating when they have the cash to insulate their homes.

"I don't know about other parts of the country, but we've had no complaints from electric heating

customers. They're sold on the heat, and one customer drops in every three months just to brag about it.

"I've noticed with other electrical equipment, like automatic washers, that you have to promote them hard at first. But when you get to five percent saturation on your lines, watch out! We're not there yet on electric heating, but when we arrive, I think our consumers will be lined up to buy it. Nobody questions but that it's the safest kind of heat obtainable."

WHEAT BELT also turned to the task of improving service reliability, convinced that good service is more important than fat margins. Ham reduced outages from 20 hours per consumer in 1957 to 9 hours in 1958. In 1959, it was 7 hours. The goal for 1960 was 4 hours, but Wheat Belt will miss it a bit, reaching $4\frac{1}{2}$ to 5 hours per meter.

"Next year, we'll hit the mark," Ham said.

To reduce outage time, Wheat Belt is renting an airplane for emergency and regular line patrol. A helicopter will replace the plane soon. Also, a big share of maintenance and construction is being handled "hot," and tie lines

between substations are being finished as quickly as possible to shift loads. By 1965, Ham hopes to set up another branch office, with a two-man maintenance crew.

By early 1960, Wheat Belt's board was able to resolve that it establish and maintain a working capital and contingency fund of about \$256,000, an amount equal to about 8% of the value of its electric plant. It also declared that general funds accumulated in excess of \$256,000 be forwarded to the REA as "cushion of credit" payments. The board will take a look at its financial plan each year, and will make a complete review once every three years.

"Our forecast and plan has made us feel free to take steps that we were afraid to take before," Ham explained. "For example, we can build a 3-phase line up into the Sand Hills now and promote irrigation. Sure, we may make some mistakes. I'd be surprised if we didn't. But we know now that we can stand a few. We can evaluate everything we do. We can do what is necessary to build a strong, sound PPD, and we can do it with confidence."

Electric House Heating Bulletin Revised

A simplified, reliable method for calculating each consumer's house heating requirements is featured in the newly revised REA Bulletin 142-1, *Electric House Heating*. The booklet also contains information on new products, procedures, and operating records. Single copies cost 20 cents from the Superintendent of Documents, Government Printing Office, Washington 25, D. C.



Wiring—Boon or Bottleneck?

Part II

Here are more ideas used successfully by co-ops to break through local wiring bottlenecks.

A good wiring promotion program, perhaps even more than other types of sales promotions, requires fresh approaches and frequent changes of pace.

EXPANDABLE WIRING—Increasing wiring capacity at low cost has a strong appeal for consumers. Codington-Clark Electric Cooperative, Watertown, S. Dak., had success with promoting expandable wiring; that is, the addition of another service panel with room for more circuits. An illustrated story on the plan first appeared in CCEC's newsletter. Later, the co-op gave publicity to wiring modernization loans.

DEMONSTRATION EQUIPMENT—Visual aids can help make wiring less mysterious to consumers. A *Magic Box*, built by Midwest Electric, Inc., St. Mary's, Ohio, weighs 3 pounds,

and shows various wire sizes, proper protection with fuses or breakers, and adequate motor protection. The co-op uses motion pictures as well as the *Box* to sell wiring at local meetings.

A flannel board presentation has proved a good tool for Cass County Electric Cooperative, Kindred, N. Dak. It also uses a demonstration panel to show consumers the value of a load limiter that can be installed next to an entrance box.

Other advisers use flannel graphs to show equipment arrangement, wiring, and lighting for heavy-use areas, like kitchens, laundries, and workshops.

Exhibits can help tell the story, too. Pemiscot-Dunklin Electric Cooperative, Hayti, Mo., built a "Proper Wiring Pays for Itself" display for use at fairs and festivals. It shows proper wire size, fusing, and circuits for home use, as well as a residential service entrance.

Electricians from two Colorado counties attended classes held by the Y-W Electric Association.

MAIN SWITCH—Prevention, not cure, is the rule for many co-ops when it comes to new home wiring. One Iowa G&T requires new home builders to put in a 100-amp entrance with a 20-circuit load center.

In Newnan, Ga., the Coweta-Fayette Electric Membership Corp. has a similar requirement, and it furnishes a 100-amp main for an all-electric home if a member complies with wiring recommendations. For 3 months, this co-op also offered to exchange free a 60-amp box for a 30-amp box—or a 100-amp box for a 60-amp box—if a member put in acceptable wiring. In Cambridge Springs, Pa., the Northwestern Rural Electric Cooperative Association lists members' names under "Free 100-Ampere Boxes Installed," and more than 100 consumers have benefited.

A revolutionary program has worked for Public Utility District No. 1 of Klickitat County, Goldendale, Wash. Any new or rewired residence that added a range, water heater, electric heat, or automatic washer and dryer got a 200-amp service panel and main sub-breakers free. Another Washington borrower pays \$100 to a consumer who replaces inadequate panels with 200-amp ones—provided certain standards are met.

Suppose that a consumer of Blue Grass Rural Electric Cooperative Corp., Nicholasville, Ky., buys a new major appliance. If he al-

ready has two major appliances and his fuse box is overloaded, the Kentucky co-op installs and furnishes the main fuse box and wiring for 220-volt appliances, freezer, and climate-control equipment.

TRAINING—"Many hands make light work" is an old saying that works when a co-op trains teachers, electricians, and local leaders to carry on wiring activities.

The first step, of course, is to train co-op employees to train others. Nolin Rural Electric Cooperative Corp., Elizabethtown Ky., had a local vocational school give a course in "Electricity for Utility Workers." Winnebago Rural Electric Cooperative Association, Thompson, Iowa, conducts its own courses in basic electricity for employees.

Trade school classes, held every

Adequate Wiring Certificate in hand, Mrs. J. F. Nix places an Adequate Wiring Sticker inside her 400-amp main switchbox. She is a consumer of the Middle Tennessee Electric Membership Corp., Murfreesboro.





Consumer Pat Cahill won the first of forty 200-amp panels given by West Oregon Electric Co-op, Vernonia, in an 8-month re-wiring or new home offer.

week for a year, helped 38 electricians in 1959 and 1960 to pass their exams for a license required in Colorado. Sixty percent of the cost of the school was picked up by Y-W Electric Association, of Akron, Colo., where classes were held. The State Board for Vocational Education paid the other 40 percent through the local high school.

More than 100 vo-ag teachers learned to make model wiring boards in five district workshops sponsored by the Arkansas Rural Electrification Council. The Arkansas State Electric Cooperative and local co-op people give their time and talent to the project.

County extension agents got the word in a farm wiring training school, held in the headquarters of Sequachee Valley Electric Co-op, South Pittsburg, Tenn. Teachers were advisers from three Tennessee co-ops, the University of Tennessee, and TVA. The training session launched a 2-year consumer education program.

In Shelbyville, Tenn., the Duck River Electric Membership Corp. helped a county home agent prepare a demonstration on "What the Homemaker Should Know About Electric Wiring." She offered the demonstration at a session for 32 club leaders, who in turn gave the presentation before their own local clubs. Housewives were asked to use a circuit rating sheet to judge wiring in their homes, and more than 500 women participated. Co-op people also talked on wiring at each of the club meetings, as well as to 1,200 4-H members.

Early this year, county power use women leaders of Central Georgia Electric Membership Corp., at Jackson, also learned how to conduct wiring surveys. Now they are out on the job.

RECOGNITION—An increasing number of co-ops award Adequate Wiring Certificates to consumers whose wiring meets standards and passes inspection.

In July 1960, *Rural Arkansas* announced that two advisers had attended Arkansas Adequate Wiring Bureau classes, passed their exams for inspector, and can now issue certificates.

Tennessee cooperatives have been using the certificate for a long time. The Middle Tennessee Electric Membership Corp., at Murfreesboro awards an Adequate Wiring Sticker as well, and Pickwick Electric Cooperative, at Selmer, adds a \$25 prize for re-wiring to specifications.

The Medallion Home program also is widely used, and a few co-ops further identify houses with a red transformer for electric heating or a gold transformer for a Gold Medallion home.

COMMUNITY BUILDINGS—Co-ops should help plan—or even install—wiring for community enterprises, like churches,

schools, and meeting halls. Two Georgia cooperatives have helped make local churches good examples of adequate wiring and proper lighting. Most Kentucky co-ops have participated in a state-wide program to improve school electrification.

CONSUMER EDUCATION—Throughout the Nation, co-op people are helping out with adult classes on wiring. At Carrington, N. Dak., Tri-County Electric Co-op publicized a 30-hour vo-ag Farm Electricity Course and helped 15 students to complete it. Nodak Rural Electric Co-op, Grand Forks, N. Dak., has for more than 3 years led discussions on wiring and wiring materials at farmer meetings in its area. Consumers of Illinois Valley Electric Cooperative, Princeton, Ill., attend classes on safe wiring in local high schools.

Adviser Wilhelmi, of Cass County Electric Cooperative, uses a flannel board.



How Good Is Your Service?

THE CASE FOR TRAFFIC RECORDS

What are you selling? Telephone service? How good is it?

How much of your plant is used for exchange, EAS, and toll service? For a rate case or new toll settlement, you need to know.

How many selectors and trunks do you need for an addition to the dial office? They're expensive. You want enough to give good service—and no more.

Traffic counts of volume and trunk overflows, taken at regular intervals, will answer these and other questions.

When your exchange was designed, you realized that traffic could be delayed for short periods of time with reasonable customer acceptance. The initial design, however, was based on estimated calling rates and holding time. The load balance between linefinder and connector groups was obtained initially by assigning about the same proportion of individual and party lines to each group.

After cutover, actual traffic volume and load balance may be quite different from what was at first anticipated. There may be overloads in some groups and idle equipment elsewhere. Every telephone manager needs periodic assurance that a satisfactory balance is being maintained—that usage loads are properly distributed through the equipment.

Similarly, the toll and EAS trunks were based on estimates of traffic volume and checks are

needed to make sure you have provided the right number.

If you had previously been operating a local manual switchboard, you are familiar with the practice of counting calls on peg-count days. A similar routine must be established for your unattended dial equipment. Your manual peg-count record was used for force adjustment purposes. The dial count record is a tool to assist you in deciding when modifications or additions to dial office equipment are necessary.

Your dial equipment, if purchased in accord with REA specifications, contains several groups of traffic registers: a connector peg-count register for each connector group, an "all linefinder busy" register for each linefinder group, an "all trunk busy" register associated with each trunk group. Readings of these registers should be taken at least on two business days in two different weeks of the busy season and a permanent record maintained of the data. With this information, you can review traffic trends over a period of time, and, you can plan immediate steps where a serious load imbalance exists or group margins or overloads are in evidence. The objective is to anticipate service complaints before they arise. Section 1720 of the Telephone Operations Manual suggests steps which may be taken if any of these conditions



After reading meters, maintenance man makes tests.

exists in one of your exchanges.

Many REA telephone borrowers are keeping records which are suggested in the Manual and are using the historical data to establish the need for additional EAS trunks.

In a period of rising costs, many Independent telephone companies want to know what their separated costs of service may be; that is, their exchange costs, extended area service costs, and the cost of providing toll service. Most of these costs are jointly incurred. They can be segregated only by means of traffic studies. A continuing history of traffic flow for each of the services is essential to permit the apportionment of costs between services. While you may not have immediate plans for separating service costs, the need may arise in the future. So why not start keeping

the records now? The information will permit a diagnosis of how good your service is, and permit management to plan accordingly. Eventually, it may prove valuable when you attempt to separate out your plant and expenses between local, EAS, and toll.

Once the basic records have been established, it should cost little or nothing to develop the traffic information. Visits to your CDO's have probably been established on a routine basis. The data can be copied directly from the registers as a byproduct of the monthly or bimonthly visits by your central office repairman and reviewed at headquarters. The value of the readings, of course, depends on whether you evaluate the data correctly and on whether you take action to correct unsatisfactory conditions.



EVERYBODY SELLS TELEPHONES

Everyone pitches in to help sell telephone service to prospective subscribers of the Egyptian Telephone Cooperative Association, at Steeleville, in southern Illinois. Under the imaginative leadership of Manager William E. Lipe, one successful promotion after another, from free service to sausage festivals, has helped to fatten the co-op's directory. Directors and employees join hands in shaping each program and in carrying it out. Together, they have doubled the number of subscribers in 5 years without expansion of territory.

Conversion to dial in 1955, with the aid of an REA loan, showed the need for extraordinary sales efforts. At that time, the system had only half the number of stations on which the REA loan study was based. Manager Lipe and the board saw that something had gone awry. The system area had been plagued by a drought, and the economy was low.

The area around one exchange was selected for a closer check. With board backing, Lipe assigned personnel to call at every house in the area. They took everybody's name and address,

noting "hot prospects" for telephone service. The office used their lists for mailing purposes and follow-up. Maps were brought up-to-date on the basis of the new information. When completed, the survey showed that the area had lost some 300 establishments that had been counted in the co-op's first feasibility study. Many people had moved away. Some houses had burned.

Manager Lipe took the new data and worked up his own feasibility study. The picture looked nearly hopeless, but at least it was realistic. The board and the manager agreed that everyone's efforts would be needed to lick the problem.

The situation was discussed frankly with all employees. Each recognized that his own progress on the job depended on system growth. To get things started, Lipe racked his brain for ideas to sell telephone service. After getting the nub of an idea, he first discussed it with the board, and then sounded out the employees, who tossed their own thoughts into the hopper.

The first program conducted in 1956, enlisted the aid of all present and brand new subscribers.

The co-op gave points to members for signing up a new subscriber or for getting a subscriber to add an extension, color phone, or some extra service. A member could even get points for signing up himself. Sixteen subscribers accumulating a high point total won a month's free telephone service.

In 1957, the co-op tried a door-to-door campaign in all exchange areas, looking for people without service. No attempt was made to sell telephones. When the survey was complete, the co-op had an up-to-date record of the names and addresses of all householders and heads of other establishments in its service area. Survey teams also asked each potential subscriber if he wanted service. All were then rated on an A, B, C, and D basis, with A representing an excellent prospect and D meaning the most unlikely.

A personal letter to those "A-rated" prospects with a record of paying the \$10 fee informed them that they already had a paid-in membership. The co-op explained what the \$10 was for, how it was used as an investment,

and that it would be returned on request if service was turned down. Only a few fees were returned.

Another letter with an envelope stuffer was directed at the remaining names on the special mailing list. All prospects in the likely category received personal visits from servicemen, board members, and neighbor-subscribers. The effort wound up with a contest tied to the annual meeting. The three top winners were awarded 6-months' free telephone service, an extension telephone, or a color telephone. Also two brand new subscribers received credit either for a \$25 equity payment or a \$10 membership certificate. Many requests came in for new stations or for some added service.

Similarly, the big promotional effort in 1958 was built around the annual meeting. The number of prizes was increased to ten, ranging from a steam iron to a television set. Prize tickets were issued to those who induced a prospect to install a new telephone or to add a new service.

Mr. and Mrs. Martin Kohrs of Schuline find their milk parlor extension telephone, won in an Annual Meeting drawing, a step saver.



Stubs were drawn at the annual meeting and prizes awarded. The year closed with a favorable increase in the number of subscribers.

While it found that pushing extension sales in 1959 was a revenue builder, Egyptian turned again in 1960 to a campaign to bring in more stations. The co-op sent a personal letter to every nonsubscriber on its list, with an offer of installation and a month's

the most tangible results.

From 1955 on, Manager Lipe has backed up each campaign with flyers, prizes, exhibits and free service to community events. He serves as his own editor-publisher, sales manager, solicitor of prizes, and technical adviser. Material for items about promotions, contests, annual meetings, prizes, and community services are sent to all local newspapers in the area.



This member is much more interested in the latest model telephone than she is in old-fashioned styles in Egyptian's annual meeting exhibit.

service as a gift. At an employee's suggestion, a certificate was included to show the free installation had a value of \$5 when redeemed for that purpose.

The letter was followed with a visit by servicemen in each area. Canvassers repeated the offer of free service and installation. They also pointed out that the subscriber could have his telephone removed free at the end of a month's trial. Only one out of more than 30 signers of certificates requested removal after enjoying the free tryout. So far, this year's campaign has brought

Egyptian invites yellow page advertisers, suppliers, and local businesses to donate various items for door prizes at annual meetings. The response has been generous, helping to swell the turnout at membership meetings. A service truck has been fixed up as a mobile display. A bigger exhibit has been displayed in booths throughout the service area and at Egyptian's own annual meetings. Both displays have attracted widespread interest among current and prospective subscribers. Counter cards, as well as the flyers, tie in with



A new subscriber could redeem this certificate at a face value of \$5 by endorsing and submitting it as payment for the installation of a telephone.

special observations on the calendar. The flyers go out to all names on the mailing list.

The co-op has found much good will earned by furnishing free telephone service to community events. Some are picnics in July and August. Besides bringing together local residents, these attract families from distant states who find them to be more or less of a homecoming.

An interesting event occurs after cold weather sets in. It is called a "Wurst Mart," where fresh-killed animals and their meat products are brought for sale. Naturally, the festival features such items as sausage, brockwurst, liverwurst, and blood sausage, as well as cured ham and bacon. Sometimes, one of the products is cooked and sold for

lunch. At other times, chickens are broiled over several large charcoal grills. Standing at one end, the visitor can look down a wide ribbon of golden brown broilers stretching, it seems, almost to the horizon.

Manager Lipe is far from content to count up the results of past promotions. Without pausing, he has begun to put together a flyer as an advance announcement of a new program. Lipe characterizes his attitude this way:

"I am always looking for new ideas, programs, or whatever, to promote the addition of telephone stations. When I see a good idea, I jot it down for future reference. I encourage myself and those around me to keep thinking promotion."

Manager Lipe starts setting up a flyer for preliminary announcement of next promotion.





Telephone Co-op Marks 10th Year

"We're Celebrating a Miracle"

A lot of hard work, a little luck, and a few special attractions go into the success of an annual meeting. Manager Clyde E. Eskridge of Mid Century Telephone Co-operative at Canton, Ill., believes that all three were behind the unusually large turnout at the 10th annual meeting of the membership late this year. With their families and guests, they filled the auditorium of the Valley High School at nearby Fairview to overflowing.

The board of directors and the manager wanted the 10th anniversary celebration to be the best meeting to date, and they didn't leave it to chance. Key people started work on necessary preparations at an early date. The nominating committee carefully

picked a slate of 6 candidates for new directors, 2 each for the 3 positions to be filled. Eskridge lined up REA Administrator David A. Hamil well in advance as principal speaker.

Officers drew up their reports. Formal notices went out promptly on schedule. The manager arranged a long list of door prizes. Eskridge found that merchants in the area are glad to donate articles just to get their names mentioned at the meeting.

A covering letter for the meeting notice was addressed personally to each member. In addition to encouraging attendance for the election of directors and other business, it stimulated interest in celebrating the co-op's 10th year and in hearing the principal

Mid Century's annual meeting drew a packed house, filling the balconies, too.

speaker. Of course, it carried a good deal of appeal by announcing that names would be drawn for more than 60 prizes.

These attractions produced a heavy turnout. The good crowd meant that the co-op would likely need to look for larger quarters for next year's meeting.

Members took a lively interest in the reports and in the election of directors. They liked the idea of two nominees for each vacancy coming up. They realized that a provision of the bylaws, stipulating that a director may not succeed himself, means an annual search for well-qualified candidates to sit on the board.

The co-op's membership received a tribute in Administrator Hamil's talk for their active in-

terest in their system. He pointed out:

"You are to be complimented on your interest in the affairs of your cooperative and on your selection of this fine board. You have, through the directors you have selected and this capable young manager they have appointed, built for yourselves a top-notch system which provides you with reliable service. You can all take pride in playing an important part in your telephone co-op's success."

Manager Eskridge had a little girl step forward to pick the winning registration stubs for the door prizes. Estel Polen of De-long, Ill., won the grand award, a television set donated by Mid Century. He summed up very well the members' feelings toward their new telephone service in these words:

As Mid Century President Calvin Cook beams his approval, REA Administrator Hamil presides over the 10th Anniversary cake-cutting ceremony and offers the first piece to the manager.





A member's daughter draws registration stubs for door prizes from box held by Eskridge.

"We certainly do appreciate that 24-hour a day service. It is mighty nice not to have so many people on the line. It is now a pleasure to use the telephone for transactions, and we find ourselves conducting a lot of our business this way."

The entire audience, the members and their families and friends obviously enjoyed the awarding of prizes. The crowd was amused when a lady won an adjustable wrench. It laughed when a husky farmer was handed a box of dusting powder.

Highlight of the evening was the cutting of the birthday cake. Nearly all stayed to share in the cake and to look at the exhibit of new models. As one member put it:

"From nothing one day, to complete communication the next, is the miracle we are celebrating on the 10th anniversary of our co-op."

Estel Polen shows his pleasure at winning the grand prize, as he receives it from Manager Eskridge.



LIVE AUDIENCE, CAPTIVE SPEAKERS

Slides and tape recordings told the management story for Clearfield Electric Cooperative, Inc., Clearfield, Pa., at its fall annual meeting. This novel approach was used to broaden the scope of the report, to attain uniform intelligibility of speech, and to gain closer control of timing. It also permitted more flexibility in assembling material.

A candid camera with color film furnished a mobile means of photographing subject, people, charts, and scenes. Some shots were taken from a perch in the office on top of a step ladder. Others were made many miles away.

The speaking parts of the script were captured by a tape recorder

at a time and place convenient to the narrator. Slides were inserted in a cartridge for the projector in sequence, as cued into the script. The tapes were transcribed to achieve a uniform quality and continuity.

The audio-visual report was presented after live entertainment kicked off the opening of the session. The recordings were amplified over a loud speaker system of the high school where the meeting was held. The tape presented 17 different voices of officers and employees of the co-op and other people connected with rural electrification. The slides pictured these as well as other individuals receiving acknowledgment in the presentation.



Santa's on the line

Last Christmas the busiest number in the local exchange of Kingdom Telephone Company at Auxvasse, Mo., was a direct line to Santa Claus at the North Pole. During the week before the holiday, calls from subscribers' children were about 300 a day.

Manager E. Woodrow Rice decided to make special use of an electronic answering device purchased for a daily devotional service. He recorded a Santa Claus message and invited friends to have their youngsters call. They requested that it be left on until the children of their own friends had a chance to call. Rice did so, changing the message each day to make Santa Claus more interesting.

On Christmas Eve, Mrs. Santa Claus told the tots that Santa was on his way to their homes. On Christmas Day, she quietly said that Mr. Santa had returned tired and was now sleeping. Afterwards, the message indicated that the line had been removed to give Santa a rest.

Many children called the office to express their thanks that Kingdom Telephone had run a line to the North Pole. Even long distance calls were made to hear Santa. Several adults expressed their appreciation too, as one did in these words:

"It brings back a personal touch with our telephone company that we lost when the operators were replaced."

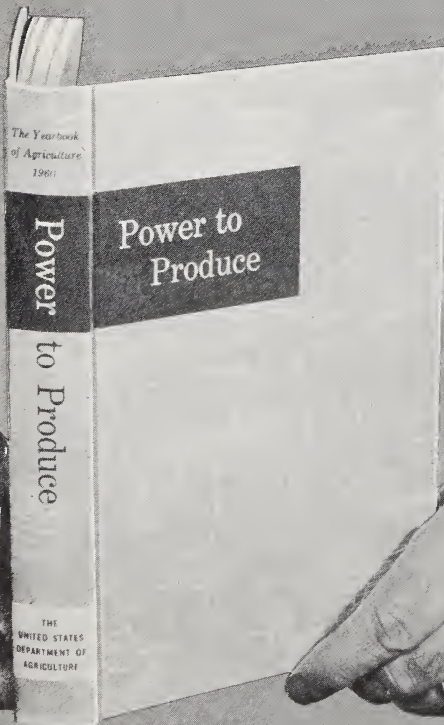
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