Sawmills: Finding Ways to ‘Get Their Cut’
On The Cutting Edge
Rural Pennsylvania sawmills find success in a competitive industry by staying small.

ABOUT THE COVER: Electric cooperative member Gary Conrad, owner of a small sawmill in northern Indiana County, stays competitive by focusing on a niche hardwoods market — custom-ordered molding and cabinet components. Photo by Adam Heggenstaller, PREA.

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Opening Reader Mail

by Perry Stambaugh

One of my favorite activities as Penn Lines editor is leafing through correspondence I receive from Pennsylvania electric cooperative members about articles published in the magazine. On occasion, I like sharing some of the comments and concerns expressed. So here it goes:

Our May 2002 article “Keeping Rural Cemeteries Alive” drew this response from Dean Naugle, a member of Indiana, Pa.-based REA Energy Cooperative. “On a farm across the valley from my place rested a small cemetery, overgrown but with many headstones. Some years ago the farm was sold and the new owner bulldozed everything. The sacrilegious act of this person not only struck a blow to our heritage, but — as I know now from reading your article [on preserving rural cemeteries] — was illegal as well.”

Assistant Editor Adam Heggensatter’s harrowing experience with lightning along the Pennsylvania Turnpike — which he chronicled in his November 2002 Commentary “Birth of a Super Hero?” — resonated with readers. Peggy Thompson, a member of Valley Rural Electric Cooperative (REC), headquartered in Huntingdon, Pa., wrote, “I can certainly understand your disbelief in the statement that one of the safest places to be when lightning strikes is inside a vehicle. But after reading of your full-bodied survival, it is apparent that although your car took a direct hit, you were, after all, safe. Your vehicle may never be the same, but thank God you are still alive and well. Happy Thanksgiving, ‘Flash!’”

In a similar vein, Gene Graham, a Cambridge Springs, Pa.-based Northwestern REC member, noted, “Thank you for your thrilling story about an unbelievable experience with Mother Nature. I’m sure the good Lord was with you. I hope you don’t mind, but I’m sending a copy of your article to Paul Harvey and Reader’s Digest.”

My April 2003 Commentary “Electric Cooperatives At Center of Broadband Debate,” which looked at electric cooperative legislative efforts to ensure that all rural residents gain access to a high-speed broadband network, hit quite a few hot buttons. Ruth Lind, a consumer served by Youngsville, Pa.-based Warren Electric, relayed her travails.

“As a self-employed freelance writer and producer of publications, I rely on the Internet as a research tool, interview assistant and medium to submit materials to editors,” she wrote. “The lack of sufficient [high-speed] Internet access makes my work much more frustrating than it needs to be — [instead of] sending complete publication files to printing plants, [I lose] many hours having to drive them to the facility or days awaiting ‘snail mail’ delivery. With dial-up [modem] service as my only Internet option, I can’t even send publication-quality graphics! To add insult to injury, Pennsylvania telephone carriers are not even required by law to maintain sufficient phone line service quality to sustain an Internet connection.”

She continued, “Realizing last week that I live within three miles of a Verizon switching station — my local phone company’s published limit for providing DSL service [which allows for high-speed data transfer] — I called them to request the service only to be told it is not available in my area. The representative proudly explained that Verizon is committed to expanding its DSL service 30 percent by the end of the summer. Did that 30 percent include my area? ‘It’s impossible to say,’ I was informed — meaning we won’t be getting it anytime soon. It’s bad enough rural residents can’t have broadband access, but to be denied reliable dial-up service is unconscionable.”

We also received some graphics advice from Paul Ganter of State College. “Approximately 10 percent of males are color blind. Why does this matter? Because a color-coded graphic using the wrong colors, such as you printed in your February 2002 article ‘The Down Side of 65’ is almost indecipherable to the red-green color blind portion of your readers. They find it very difficult to distinguish blue from purple, brown or green.”

Finally, Jim Lucy had this to say about Pennsylvania’s move to implement a statewide building code, featured in our March 2003 issue. “There are people who believe that a uniform construction code is going to remove perceived eyesores and blight overnight,” he wrote. “Just the opposite is true. When people start to pay big-city prices for labor, engineering, inspections and permits, they will stop fixing things up and let buildings fall down around them.”

But Jim Jaworski threw in this word of support: “I recently had a home built. The radon [gas] level in the basement is 30.5 picocuries per liter of air [radon becomes a concern when the concentration indoors exceed 4 picocuries per liter]. I asked the contractor, as we were standing on gravel in the basement before concrete was poured, ‘What do you do to prevent radon leakage?’ His reply was, ‘We’ve never had a problem with radon.’ I can’t tell my home asis, but the contractor was able to walk away from the death trap. No accountability means no responsibility.”

That’s all for now. Keep sending us those cards, letters and e-mails.
For Dean and Jim Tinkey, owners of Tinkey Brothers Lumber Company in rural Somerset County, operating a sawmill has always been a family affair. Sitting in a cluttered trailer that serves as the mill’s office, the brothers — members of Somerset, Pa.-based Somerset Rural Electric Cooperative — recount memories from boyhoods spent helping their grandfather cut timber from surrounding hills.

“Back then, we used horses to drag logs to the mill, which was powered by steam,” recalls Jim, a middle-aged man with a wiry physique that reflects years of tough labor in the forest. “It’s a lot different now. We have equipment that does all the work.”

Their mill produces about 12,000 board feet of lumber daily, some of which is used for making pallets and in steel mills as blocking. But the operation’s core business is sawing high-quality hardwood “grade” lumber, sold to furniture companies or used for veneer and flooring.

Dean explains that his family has operated sawmills for three generations, with he and Jim forming a partnership and opening their current mill in 1974. Replacing horses with horsepower is not the only change the mill has made in nearly 30 years of operation.

“When we started sawing, our primary purpose was to provide rough lumber to mines and steel mills,” Dean relates. “Now the business has shifted. You can’t make it today by just sawing bulk lumber. The competition is a lot tougher, and to succeed you have to produce grade lumber.”

Money Trees

Paul Lyskava, executive director of the Pennsylvania Forest Products Association — the statewide trade organization representing sawmills and other wood product industries — says that more than 300 sawmills exist in the Commonwealth, nearly 80 percent of which are small operations like Tinkey Brothers.

In a state named after its forests, Pennsylvania’s mills remain the top producers of hardwood lumber in the nation, sawing more than one billion board feet annually. (A board foot is a unit of lumber equal to a board one foot long by one foot wide with a thickness of one inch.) The forest products industry employs nearly 90,000 people and contributes more than $5 billion to the state’s economy each year.

Pennsylvania hardwoods — like cherry and red oak — are renowned worldwide for their high quality, and markets for the product stretch across the globe into Europe and even Japan. Furniture makers will pay as much as $1,000 for a top-grade veneer log, with large lots of hardwood lumber selling for millions.

Lyskava points out that the lumber and wood products industry grows jobs faster than any other manufacturing sector in Pennsylvania, with employment increasing more than 22 percent between 1990 and 2001. Sawmills were responsible for some of this growth as they expanded to keep up with an increased demand for building materials.

“Solid economic growth for more than seven consecutive years led to more houses being built or remodeled,” Lyskava explains. “Sawmills have grown to fill the need for more hardwood lumber and other products like molding, flooring and veneer.”

A “HardWood” Business

The demand for hardwood has led to increased competition between sawmills, notes Lon Schmouder, who owns a small mill with his father Howard in rural northern Lycoming County. The pair founded Schmouder Lumber Company in 1997 and today produce about 2,000 board feet of lumber daily.
Staying small allows us to stay efficient.

“The worldwide population is growing, so each year there is greater need for wood to build houses,” reasons Lon, a member of Mansfield, Pa.-based Tri-County Rural Electric Cooperative. “However, there is only a limited amount of timber available at any given time to cut, and mills have to compete against each other for the action.”

But in a statewide industry that has evolved into a global marketplace, with some players producing millions of board feet of lumber each day, bigger is not always better. Even though larger operations can saw greater amounts of lumber, operating costs increase along with size — a situation that can quickly nullify profits.

“The larger a mill is, the more overhead it has,” points out Lyskava. “The only way to cover overhead is to produce more lumber. But competition for stumpage [timber available for sawing] is intense.”

Stumpage is sold by landowners — private individuals or the state — often in auction form. The timber is surveyed, or “cruised,” by a forester if it is standing or graded by a certified hardwoods professional if it has already been cut. Sawmills use the assessment of the forester or grader — determined by the species and quality of the trees or logs present — to determine what to bid. During large timber sales, bidding can reach into millions of dollars.

“Operators need to offer a bid that is high enough to win the sale, but low enough to allow for profit,” Lyskava relates. “Costs associated with cutting or transporting timber and then sawing it at the mill are big concerns.”

While Schmouder Lumber could almost fit inside a two-car garage the mill’s small size provides several advantages.

“We’re at the point where if we get any larger, it is going to cost some major money to expand, and it may not be worth it in the long run,” Lon says. “The important thing is finding a proper balance between size and profit. Staying small allows us to stay efficient.”

Schmouder Lumber — usually employing just three or four workers — not only saws lumber, but also logs timber and works with private landowners in managing their forests. Employees are trained in both sawing techniques and logging processes, allowing the mill to have a hand in all stages of lumber production.

“Larger operations are sometimes forced to focus on just sawing lumber and moving large volumes of product,” Lon remarks. “But we are small enough that we can afford to play the market. When lumber from a certain tree is in demand, we can go to a landowner and tell them that now is the time to cut. The timber owner will do well, and we benefit by selling a product that will bring a relatively higher price because there is an increased need.”

Since he is not faced with the strain of keeping up production to cover overhead, Lon finds more time to work with landowners in active timber management. Over time, he feels this will help Schmouder Lumber develop a favorable reputation among local landowners, which in turn will open more tracts for logging.

“Mostly, landowners just want to be treated fairly,” Lon observes. “Timber is a commodity and owners want to get the best return on it. As a mill owner concerned with the resource and its market, it’s my job to develop a plan that satisfies both the seller and buyer, while making sure that neither the environment nor my operation suffers.”

Future Success

Gary Conrad, owner of Conrad Lumber Company located in northern Indiana County, has found a way to stay competitive by focusing on a niche market — value-added hardwood products like molding and cabinet components. The Indiana, Pa.-based REA Energy Cooperative member recently added equipment to his mill — which saws about 10,000 board feet per day — that allows him to create custom-ordered products.

“Doing custom work keeps me in business when the building industry may slow down. We’re not sawing lumber for that market,” he states.

Home remodelers won’t find Conrad’s work at Lowe’s or Home Depot. All the moldings and cabinets that come out of his shop are milled to order. Along with well-known hardwoods, Conrad also utilizes lumber from walnut, sassafras and red elm. A showroom adjacent to the mill displays his craftsmanship in striking detail, from the rich golden gleam of hardwood flooring to a striking laser cutout of a whitetail buck slated for a cabinet front.

Conrad’s operation contains a small kiln — an oven-like room that dries green lumber — capable of preparing up to 3,500 board feet for custom projects. His products have sold so well that he is looking to add a kiln that can dry up to 10,000 board feet.

“I see the lumber and forest products industry as a place to succeed,” he concludes while looking over house-sized piles of logs stacked behind his mill. “Being a small operation, there are always challenges to work through. But if we make the right decisions, we’ll always have a future.”
At an event held May 6 in conjunction with the annual electric cooperative legislative rally in Washington, D.C., 60 electric cooperative directors, general managers/ presidents/CEOs and key employees from the Keystone State assembled at the National Republican Senatorial Committee headquarters to formally endorse Pennsylvania Republican U.S. Sen. Arlen Specter for re-election in 2004. Electric cooperatives, through their statewide service arm, the Pennsylvania Rural Electric Association (PREA), have endorsed Specter in each of his previous U.S. Senate campaigns — 1980, 1986, 1992 and 1998.

“During his 22-plus years in the U.S. Senate, Senator Specter has provided leadership and support for the rural electrification program and rural residents,” said PREA President & CEO Frank Betley. “Time and again he has demonstrated a genuine concern for improving the rural quality of life. The bottom line is that loss of Senator Specter’s influence and seniority would deliver a devastating blow to rural Pennsylvania.”

Sitting on the important Senate Agriculture Appropriations Subcommittee, Specter has fought over the years to provide adequate funding for electric cooperative loan programs. In addition, he has steered billions in federal highway dollars to rural Pennsylvania from his spot on the Senate Transportation/Treasury Appropriations Subcommittee.

Specter — the Commonwealth’s longest-serving senator in history — is just two GOP seats away from chairing the powerful Senate Appropriations Committee.

PREA President & CEO Frank Betley, right, extends to U.S. Sen. Arlen Specter (R-Pa.) the endorsement of Pennsylvania’s electric cooperatives for his re-election bid in 2004.

Backing A Strong Friend

Tighter Limits on Line Workers’ Driving Time to Take Effect

New U.S. Department of Transportation (DOT) “hours-of-service” rules — designed to reduce highway accidents caused by fatigued long-haul truck drivers — could eventually impose burdensome costs on electric cooperatives, particularly when it comes to restoring power after storms and performing regular line maintenance, warns the Pennsylvania Rural Electric Association (PREA), the statewide service organization representing the interests of your local electric cooperative. In response, Pennsylvania electric cooperatives are joining with electric cooperatives nationwide in pushing to exempt utility service vehicles from the mandate by amending the federal highway bill (TEA-21) as it comes up for renewal.

Under the new hours-of-service regulations, which take effect on January 4, 2004, cooperative line workers — in non-declared emergency situations — are prohibited from driving 14 hours after “punching in,” regardless of how many of the hours were actually “on duty.” Following those 14 hours, an employee must log 10 consecutive “off duty” hours before taking the wheel again.

In addition, utility workers may not drive after being on duty for 60 hours over a period of seven days, or after 70 hours over eight days. Once a week, drivers who return to the same location every day and meet other requirements can extend the 14 hours duty time to 16 hours.

“Cooperative line workers are covered under the hours-of-service rules simply because line trucks sometimes exceed 10,000 pounds gross weight and...
not because of any highway safety concern — DOT’s own data shows that line trucks have a tremendously safe driving record,” explains Robert Stefancik, PREA job training & safety coordinator. “These limitations are unnecessary and do nothing but inhibit the ability of electric cooperatives to provide a reliable and affordable supply of power.”

Fortunately, any immediate impact on Pennsylvania electric cooperatives should be minimal.

“Only out-of-state cooperative mutual aid efforts will be seriously impacted right away,” Stefancik says. “Within Pennsylvania, the state Department of Transportation automatically waives hours-of-service requirements for utility company drivers responding to emergencies of any kind. The Commonwealth also defines ‘emergency’ to mean any weather or outage condition that represents a significant threat to public health and safety.”

He continues, “This type of approach is much more practical and consistent with protecting consumers than waiting for the government to declare an official emergency and then having a cooperative seek an hours-of-service waiver.”

However, the new DOT regulations require states to meet or exceed the hours-of-service requirements within three years or lose up to 80 percent of their federal highway funds. The Pennsylvania General Assembly — as the three-year deadline approaches — will need to enact hours-of-service legislation mirroring federal guidelines.

Once that takes place, the new drive-time rules could pose a serious threat to the health and safety of rural communities, Stefancik comments, since electric cooperative service territories are so spread out that even routine line work may be adversely impacted.

“To comply, cooperatives may be forced to hire additional part-time and full-time employees, incurring significant wage and training costs,” he says. “We have always contended that the restrictions currently in place [15 non-consecutive hours of on-duty time with no more than 10 hours driving, followed by eight hours off] crimp normal work practices. The new regulations just make things worse.”

The only fix, as Stefancik sees it, is granting electric cooperatives a total exemption from hours-of-service regulations — a position PREA advocated in testimony during a July 2000 Federal Motor Carrier Safety Administration public hearing on the proposed hours-of-service rules. Short of a clean exemption, electric cooperatives facing outage situations (where a formal state or federal disaster declaration is not made) should be given the ability to “self-declare” an emergency and gain an hours-of-service waiver.

“There are hundreds of outages that do not rise to the level of a declared emergency,” Stefancik concludes. “Electric cooperative bucket trucks and other service vehicles are more like fire trucks and ambulances than motor freight or bus lines. Congress — as it revisits TEA-21 — needs to realize that.”
Gussying Up The Garage

by James Dulley
Contributing Columnist

Converting an old attached garage or basement into additional living space can sometimes make more sense, budget-wise, than building an addition to your home. But when undertaking such a project, make sure you add insulation to the walls and perhaps floors as well. Not only will this improve your family’s comfort and help lower your utility bills, but it will bring your project into compliance with building codes that require a certain level (R-value) of wall insulation.

Basement Expansion

The method you use to finish basement walls will differ from that used on a garage. Basement wall finishing systems are available that include insulation, attractive fabric-covered panels and everything else. (Seams between wall panels are covered with finishing strips, making them very attractive.) And while basement finishing systems are designed to handle higher moisture content from underground walls, they may work in some above-ground applications, too (assuming they comply with building codes).

If you choose to do wall insulation yourself (and not use a preassembled system), standard batt insulation is your lowest cost option — assuming you have plenty of room. If space is limited, use rigid foam insulation instead of batts. Rigid foam insulation has about a 50 percent higher R-value per inch of thickness, so walls can be thinner and still meet code.

Most rigid foam insulation sheets use a closed-cell material which functions well as a vapor barrier to resist moisture or high humidity. Some types, available from 1/2 to 4 inches in thickness, also have special multi-layer moisture resistant coverings on each side.

Check your nearest home center store for rigid foam panels with notched edges designed specifically for finishing masonry walls. These are ideal because the notches allow furring strips — thin pieces of wood used for attaching paneling to other wall materials — to be recessed into the panel for a smooth surface. This provides a good nailing base and prevents breaks in the insulation. Most foam insulation should be covered with drywall for fire safety reasons, but again, check your local codes.

Garage Growth

If your garage has a window, consider movable wall insulation panels. Two outer panels are fixed to the garage wall while two center ones slide open to provide window ventilation or light. (Windows have low insulation value, so if you do not need natural light, it is better to cover them with insulation.)

Panel frames are made of standard lumber with rigid foam insulation composing the entire panel. You can cover the panels with drywall for fire safety and then finish them with fabric, paint or wallpaper to match a room’s decor.

For most do-it-yourselfers, it is easier to hang panels from the top (similar to sliding closet doors) rather than having them roll in tracks that require more careful fitting. Space the outer two end panels out from the wall with tracks installed behind for inner panels to slide along. Caulk fixed outer panels and weatherstrip edges so they seal tightly against the movable panels when closed.

James Dulley is a nationally syndicated energy management expert. For more information on this subject, request Dulley’s “Utility Bills Update No. 748,” which includes a buyer’s guide of 12 masonry wall or basement insulation system/material manufacturers showing material types, thickness, descriptions and do-it-yourself instructions for making a movable insulating wall. Send your request to: James Dulley, c/o Penn Lines magazine, 6906 Royalgreen Drive, Cincinnati, OH 45244. Please include $3 and a business-size self-addressed stamped envelope. Or for quicker turnaround, check out www.dulley.com via the World Wide Web.
**APPLE AND HAM KABOBS**

1 lb. boneless ham, cut into one-inch cubes
1 teaspoon lemon juice
1/2 cup apple jelly
dash of ground cinnamon
2 large apples, cored and peeled, cut into pieces
fresh pineapple chunks or 1 can pineapple chunks

Sprinkle lemon juice over ham cubes. In a small dish, melt jelly in the microwave. Add cinnamon and cook in the microwave on medium (50 percent) for 2 minutes, stirring after 1 minute. Alternate ham, pineapple and apple pieces on skewer and brush with jelly glaze. Grill for about 12 minutes, turning frequently. Baste with remaining glaze as needed.

**SPICY SAUSAGE KABOBS**

2 lbs. hot sausage
2 onions
2 red peppers
2 small zucchini
1 tablespoon brown sugar
1 tablespoon red wine vinegar
1 tablespoon olive oil
1/2 teaspoon cayenne pepper

Cut sausage, onions, peppers and zucchini in chunks. Place alternately on skewer. Mix together brown sugar, red wine vinegar, olive oil and cayenne pepper. Spread mixture over sausages and vegetables while grilling. Grill until sausage is completely cooked.

**SURF AND TURF KABOBS**

8 oz. to 12 oz. of scallops (depending on size)
3/4 lb. lean beef cubes
1 green pepper, cut into one-inch pieces
1 red pepper, cut into one-inch pieces
corn on the cob, cut into one-inch pieces
2 tablespoons olive oil
2 tablespoons lemon juice
salt and pepper to taste

Place scallops, beef cubes, green and red pepper pieces and corn pieces in a bowl, then drizzle with oil and lemon juice and sprinkle with salt and pepper. Arrange on 6 skewers, alternating scallops, beef and vegetables. Place on a preheated barbecue and grill for about 15 minutes, turning every 5 minutes.

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**Grill Adventures**

by Kitty Halke

July finds barbecue grills across rural Pennsylvania sizzling with tantalizing, tempting smells of summer fare. For a change of pace from burgers and hot dogs, try grilling kabobs — tasty combinations of meat, seafood, fruits and vegetables cooked on a skewer. Kabobs are fun to assemble, turning mealtime into an easy, make-it-yourself family activity.

Kitty Halke is a cooking professional and freelance writer from rural Pennsylvania. Send recipes and comments to her in care of: Penn Lines, P.O. Box 1266, Harrisburg, PA 17108-1266.
High Water Mark

July provides the best of what summer has to offer, as gardens and trees yield their plenty, wildlife abounds and you can still find a mud puddle or two to play in before drier “dog days” roll around.

This is also a great time to enter your snapshots in our “Rural Reflections” contest. At year’s end, winners in each of our five contest categories — most creative, best landscape, best human subject, best animal and editor’s choice — will capture a $50 prize.

Mail your photographs to: Penn Lines Photos, P.O. Box 1266, Harrisburg, Pa. 17108-1266. On the back of each shot, please include your name, address, phone number and the name of the electric cooperative that serves your home, business or seasonal residence.