

Valley Rural Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 



One of 14 electric cooperatives serving Pennsylvania and New Jersey

Valley Rural Electric Cooperative, Inc.

10700 Fairgrounds Road
P.O. Box 477
Huntingdon, PA 16652-0477
814-643-2650
1-800-432-0680
www.valleyrec.com

BOARD OF DIRECTORS

James Stauffer
Chairman

Kevin States
Vice Chairman

Cindy Bigelow
Secretary

Robert Holmes
Treasurer

Leroy Barnes
PREA Director

James Stauffer
Allegheny Director

Gregory Henry
Randall Huntsman
Linda McMath
Joanne Whitsel

Corporate Office Hours
Monday - Thursday
7 a.m. - 5:30 p.m.

Huntingdon/Martinsburg/Shade Gap Office Hours
Monday - Thursday
7 a.m. - 5:30 p.m.

Outages & Emergencies
1-800-432-0680

Executive Report

Our members played key role in strong 2019

ON BEHALF of Valley Rural Electric Cooperative's board of directors and staff, we're proud to provide this annual report and privileged to inform you that your co-op is continuing a tradition of service that began with our incorporation on Nov. 1, 1938. A lot has changed since the first poles were set, but Valley's purpose remains the same — empowering members by safely, reliably, and affordably providing power to your homes, farms, and businesses and improving quality of life throughout our region.

Valley REC had an outstanding year in 2019. The biggest highlight is that wholesale power costs came in \$1.1 million lower than anticipated. This windfall led Valley's board of directors to approve a one-time kilowatt-hour rate reduction. It was applied to electricity that members used in the month of November and cut the kilowatt-hour rate in half.

Several factors contributed to our banner year. The Susquehanna Steam Electric Station — a nuclear plant in Berwick, Pa., that provides Valley REC with nearly 60% of its wholesale power — operated with just 29 down days for Unit 2, for planned refueling, while Unit 1 ran continuously. Additionally, Valley REC members helped contain capacity charges by lessening their electric use during peak demand periods, when the co-op pays the most for wholesale power.

Shifting summertime use to early mornings and evenings and participating in our demand response program are the best things you can do to help stabilize the co-op's wholesale power costs. If you're already enrolled in the program, thank you. If not, please contact the co-op to find out more.

Your co-op is in good financial shape. Equity was at 45% of assets at the end of 2019, which is in line with our equity management plan. We returned more than \$1.4 million in patronage capital to eligible members and former members in December. Over the years, we have returned nearly \$29 million in patronage capital. Our margins go back to members, not stockholders.

Equally important to the financial health of the co-op is the performance of our electric distribution system. To further increase reliability, we are embarking on two substation replacement projects this year with another planned for 2021. The Metal Substation, in Metal Township, Franklin County, will be replaced this spring by the new Path Valley Substation. It will be located closer to a private power company supply point, lessening the likelihood of a substation outage there. The aging wooden-frame Atkinson Mills Substation, in Wayne Township, Mifflin County, will be replaced this summer by an all-metal structure. And next year, we will relocate and rebuild the Sinking Valley Substation in Tyrone Township, Blair County.

We are also continuing our aggressive approach to vegetation management. In 2019, we trimmed 500 miles of rights-of-way. Our approach ensures our rights-of-way are trimmed entirely in a five-year span to lessen the likelihood of tree-related outages.

Through innovation and dedication, we are working to keep your electric bills affordable while providing the best possible service. Our employees are tasked with the day-to-day work of carrying out the board's mission of safeguarding the financial health of the co-op while maintaining the distribution system. And we'd like to thank them for their hard work. They're truly people you can count on. 



JAMES R. STAUFFER
Chairman of the Board



RICHARD S. BAUER
President & CEO

James R. Stauffer

R.S. Bauer

Our Mission



Valley Rural Electric Cooperative, Inc. is committed to providing reliable, efficient energy services and to improving quality of life throughout the region.

WINTER SCENE: Valley REC's coordination engineer, Eric Henchey, snapped this photo near Cowan's Gap State Park shortly after a December 2019 snowstorm.

Valley Rural Electric leaders cancel 2020 annual meeting as precaution against coronavirus spread

LEADERS OF Valley Rural Electric Cooperative announced on March 16, 2020, the cancellation of the April 3 annual meeting of co-op members due to the COVID-19 pandemic. The move was a precaution against possible spread of the coronavirus during what would have been a three-hour event that brings about 900 attendees into close proximity.

The decision was made out of an abundance of caution and concern for the members and guests who attend. The meeting was to be held at Huntingdon Area High School.

“The health and safety of our members and employees is our top priority,” said James Stauffer, chairman of Valley REC’s board of directors. “Of particular concern is that a large percentage of those who attend our meeting are older members who are in an age group the Center for Disease Control and Preven-

tion says is at increased risk from the coronavirus.”

The annual meeting is held for election of board directors and to provide members an update on their not-for-profit electric distribution business. Valley REC members are being informed of the cancellation through automated phone calls, the co-op’s website and Facebook page.

“We’re disappointed that we won’t have a gathering of members this April, but we have to weigh our long history of annual meetings against the safety concerns this illness presents,” said Valley REC President & CEO Rich Bauer. “This year we had no contested races, so the three incumbent directors will continue to serve on the board.”

Valley’s service territory is comprised of nine director districts, with one member from each district serving on the co-op board. Each February, the co-

op hosts three district meetings at local fire halls or community centers, and members make nominations for board candidates. The nominees then stand for election to three-year terms at the annual meeting. Election is done by ballot by the members present.

The nominated incumbents are: Randall Huntsman of Martinsburg, Blair County, District 1; Kevin States of Hesston, Huntingdon County, District 3; and Robert Holmes of Huntingdon, Huntingdon County, District 5.

Valley Rural Electric is a member-owned cooperative providing electric service to more than 22,000 consumers in eight counties of south-central Pennsylvania, including Bedford, Blair, Centre, Franklin, Fulton, Huntingdon, Juniata and Mifflin. The co-op was incorporated Nov. 1, 1938, and energized its first lines a year later. 

2019 Financial Report

Statement of Operations		2019	2018
Income			
Operating revenue		36,754,443	36,960,495
Interest Income		52,409	52,243
Other non-operating income		868,140	631,638
TOTAL INCOME		37,674,992	37,644,376
Expenses			
Cost of power purchased		17,977,215	18,112,349
Operations & maintenance		5,292,985	5,655,367
Member accounts & service		1,431,762	1,270,933
Administrative & general		3,859,666	4,285,476
Depreciation & amortization		4,074,784	4,012,746
Taxes		59,646	48,229
Interest expense		1,711,644	1,776,886
Other deductions		105,940	115,213
TOTAL EXPENSES		34,513,642	35,277,199
NET MARGINS		3,161,350	2,367,177
Balance Sheet		2019	2018
Assets			
Electric plant (less depreciation)		74,591,992	73,915,673
Investments		10,232,266	10,227,343
General fund cash & working capital		535,093	696,089
Accounts receivable		3,571,792	3,209,618
Materials & supplies		442,501	440,926
Payments made in advance		110,094	37,271
Other current & deferred assets		3,168,327	3,404,589
TOTAL ASSETS		92,652,065	91,931,509
Equities			
Patronage capital and margins		30,117,719	29,841,864
Other equities		12,908,530	11,127,896
TOTAL EQUITIES		43,026,249	40,969,760
Liabilities			
Long-term debt		37,246,527	37,631,652
Notes payable		0	4,200,000
Accounts payable		2,382,294	2,248,695
Member deposit		452,470	434,169
Other current & accrued liabilities		7,296,155	4,251,320
Deferred credits and regulatory liabilities		2,248,370	2,195,913
TOTAL LIABILITIES		49,625,816	50,961,749
TOTAL EQUITIES & LIABILITIES		92,652,065	91,931,509

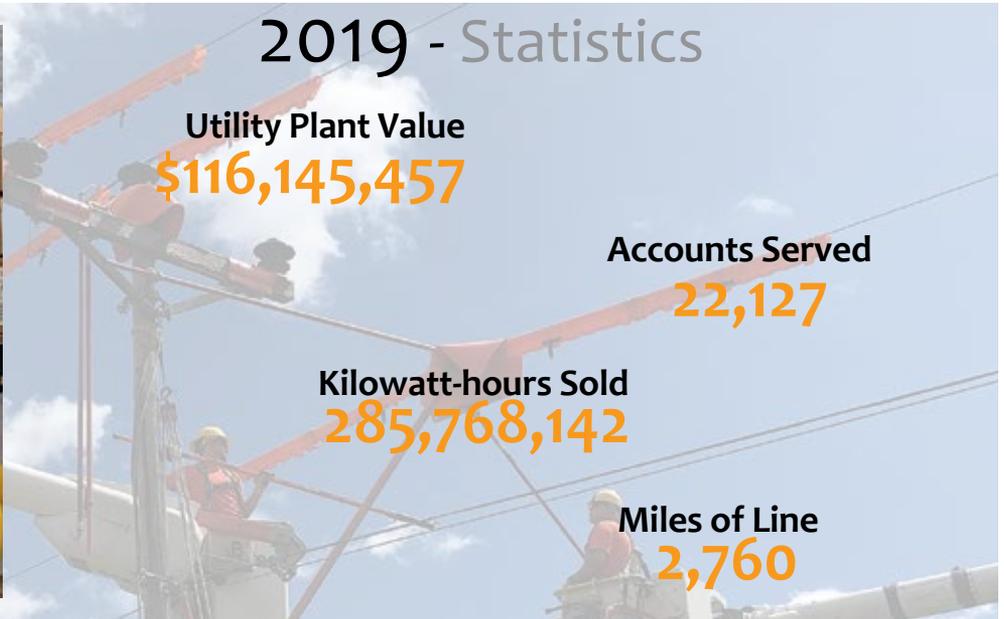
2019 - Statistics

Utility Plant Value
\$116,145,457

Accounts Served
22,127

Kilowatt-hours Sold
285,768,142

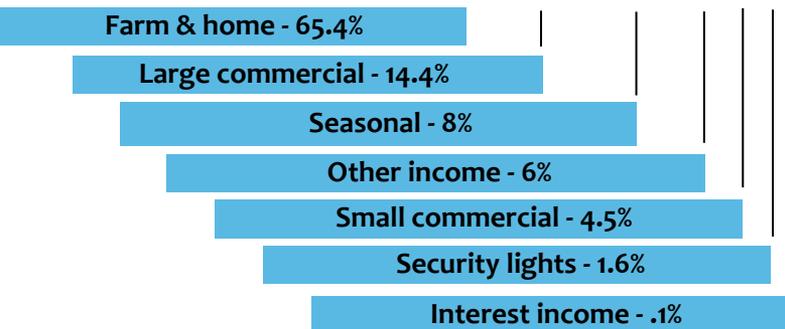
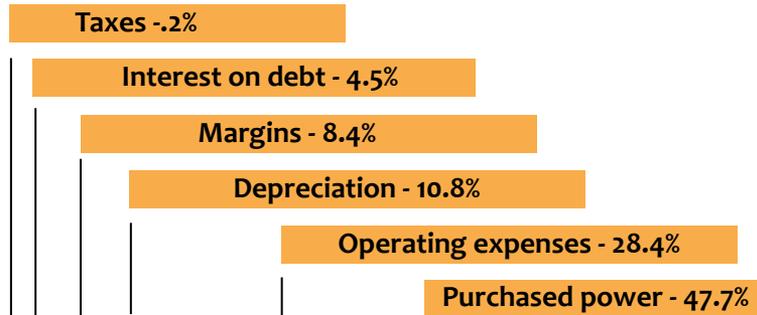
Miles of Line
2,760



Where It Comes From

The Co-op Dollar

Where It Goes



Our People

Directors

James Stauffer
Chairman
Allegheny Director

Kevin States
Vice Chairman

Cindy Bigelow
Secretary

Robert Holmes
Treasurer

Leroy Barnes
PREA Director

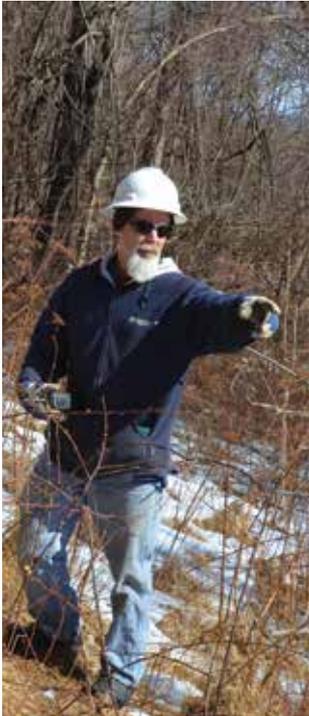
Joanne Whitsel

Randall Huntsman

Linda McMath

Greg Henry

Rich Bauer
President & CEO



Corporate

John Bookwalter Jr.
Terri Brumbaugh
Stephen Bruno
Lisa Carper
Ethan DeVore
Pam DeVore
Michelle Dreibelbis
Danielle Estep
Ben Gorman
Max Hetrick
Travis Kuhstos
Rikki Moyer
Judy Post
Doug Roles
Todd Ross
Melissa Shetrom



Employees

Shade Gap District

Logan Booher
Mark Booher
Nancy Bucher
Wilmer Bucher Jr.
Brandon Clemens
Josh Gutshall
Patrick Lightner
Tricia Long
Tyi McCartney
Jonathan Shields
Ken Sipes
Mike Williams
Jason Wilson

Martinsburg District

Mike Lansberry
Bill Bogel
Greg Dilling
Ryan Dodson
Trevor Eichelberger
Matthew Fagan
Jason Hey
Kathy Luprek
Barb Moyer
Rob Shook
Brooke Stonerook
Zach Yohn

Huntingdon District

Matt Andrasi
Adam Atherton
Billy Ayers
Justin Berrier
Randy Boonie
Kevin Detwiler
John Fogelsonger
Seth Glover
Steve Gutshall
Alicia Henchey
Eric Henchey
Tyler Lingafelt
Chris Myers
Gina Norris
Brandon Shook
Richard Sunderland
Brook Thompson
Curt White
Eric Yingling



Our Principles

Democratic member control
Member economic participation
Autonomy and independence

Voluntary and open membership
Concern for community
Continuing education

Cooperation
among
cooperatives