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Rural Electric
Cooperative, Inc.**

Your Touchstone Energy® Cooperative 



One of 14 electric
cooperatives serving
Pennsylvania and
New Jersey

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FROM THE PRESIDENT & CEO

Co-ops pay their own way, with interest



by **Wayne Miller**
President & CEO

UNLESS you work at an electric distribution co-op, you probably don't give much thought to the financing of improvements to the system that delivers your electricity. Yet the way co-ops fund capital projects is one more way our members differ from the customers of private or municipal power companies.

When electric co-ops were being established in the late 1930s to serve some of the most sparsely populated regions of America, they needed money for construction. Much of that funding came in the form of government loans — initially from the Rural Electrification Administration (REA) and then its successor, Rural Utilities Service (RUS). Federal assistance has helped co-ops grow. Indeed, the National Rural Electric Cooperative Association (NRECA) reports that, as of year-end 2012, electric co-ops had invested more than \$150 billion to build critical infrastructure spanning 75 percent of the United States while keeping rates affordable.

Of course, federal assistance for electric utilities is not unique to co-ops. Private power companies benefit from tax breaks and municipal electric systems are able to issue tax-exempt bonds. However, co-ops (and, in turn, you) are assisted through guaranteed loan funding that is repaid.

Let's look at a comparison of electric utilities and subsidies compiled recently by NRECA:

► Co-ops serve an average of 7.4 consumers, with annual revenue of approximately \$15,000, per mile of line. Based on current interest rates, RUS loans (with an average interest rate of 4.57 percent, compared to the government's cost of borrowing at 3.91 percent) actually make money for the U.S. Treasury — \$163 million com-

bined from 2009 to 2011, more than \$274 million during fiscal year 2012 and a projected \$369 million in 2013.

► Private power companies average 34 customers and collect \$75,000 in revenue per mile of line. In virtually every case, they charge electric rates that include amounts for presumed federal tax liabilities. However, available tax breaks allow investor-owned utilities to retain most of the taxes collected, roughly \$124 billion to date. At a cost to the government of \$4.8 billion in 2011 (the last year available), this federal subsidy is about \$47 per customer.

► Publicly owned municipal electric systems average 48 consumers and collect \$113,000 in revenue per mile of line. The federal government loses revenue when municipals issue tax-exempt bonds because interest paid to bond owners is not taxed. The cost of this subsidy in 2003 (the last year available) was \$909 million, or \$55 per consumer.

U.S. co-ops generate roughly 5 percent of U.S. electricity capacity, distribute 10 percent of all kilowatt-hours sold, employ more than 70,000, and pay more than \$1.4 billion annually in state and local taxes. Federal loans have allowed electric cooperatives to keep rates affordable. That's especially significant because household incomes in co-op service territories are 11 percent lower than the national average, and one person in six served by a co-op lives in poverty.

NRECA anticipates the nation's electric co-ops will need about \$6 billion in capital annually over the next five years to upgrade aging infrastructure and to connect new consumers. The unique, long-standing relationship between electric cooperatives and the federal government will continue to ensure that all Americans, no matter where they may live, have access to a reliable electric system able to meet 21st-century demands. 

Youth Tour '13 explores nation's capital

BY DOUG ROLES
Director of Member Services

VALLEY RURAL ELECTRIC COOPERATIVE

sponsored 14 high school students on the 2013 Rural Electric Youth Tour to Washington, D.C., June 16-21. The teens, from eight schools in four counties, spent their time in the capital meeting legislators and learning about the cooperative business model.

They joined nearly 1,600 other juniors and seniors from electric cooperatives all over the country — 92 from co-ops in Pennsylvania and New Jersey — who participated in the event.

The all-expenses-paid trip was packed with activities, including meetings with lawmakers and rural electric leaders, visits to historic monuments throughout Washington, D.C., and tours of the Smithsonian museums, Holocaust Museum, National Zoo and Arlington Cemetery. The agenda also included a cruise on the Potomac River, a parade at the Iwo Jima Memorial and a theater production at the Kennedy Center.

“My favorite part of Youth Tour was the opportunity to meet kids from all over the United States of America,” says Abigail Daniels, a Youth Tour student from Bedford. “The friendships I formed and things I learned in this one week will never be forgotten.”

Youth Tour participants are dependents of co-op members. During the trip, they learn about the principles that govern rural electric and other cooperatives. Recommended by guidance counselors at their respective schools, the students were selected for the trip on the basis of academic achievement, leadership in extracurricular activities and community service.

“I had an amazing time at Youth Tour; I made many new friends,” says Laura Allison, a student from Williamsburg.

Three students from Williamsburg High School took part in the trip. They are: Laura, the daughter of Mark and Linda Allison; Austin McMonagle, son of Daniel and Tracy McMonagle; and Nathan Bishop, son of David and Mindy Bishop. All are from Williamsburg.

Laura's school activities include

band, school plays and prom committee. An honor student, she also participates in Girl Scouts and in church activities. Laura is interested in sales and plans to major in retail marketing. A self-described entrepreneur, she enjoys selling items she has crocheted.

Austin plays football and baseball, and is vice president of the junior class. He has served as treasurer of his school's Future Farmers of America chapter for two years and has shown pigs, lambs, dairy, and beef for 4-H for eight years. He enjoys working on the family farm and weightlifting.

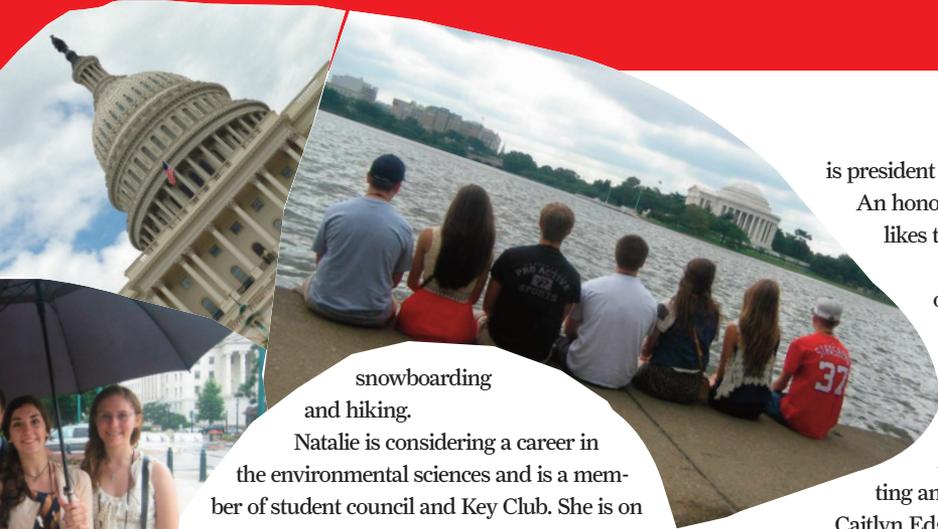
Nathan is one of several musically talented students. He is involved in marching and concert band. He serves as class treasurer, and is an honor society student. He is active in 4-H, Ski Club, and church activities, and enjoys hunting and riding motorcycles.

Huntingdon Area High School had two juniors on Youth Tour 2013. They are Lance Chambers of Hesston, son of Jim and Janet Chambers, and Natalie Romano of Huntingdon, daughter of Susan and John Romano.

Lance is interested in engineering and is working on his Eagle Scout project. He plays football, is on the track team, and has been involved with his school yearbook and prom committees. A National Honor Society student, Lance has participated in his school's rocket competition for gifted students, and enjoys



ABOVE: Nathan, Austin, Abby, Natalie, Caitlyn, Noah and Lance pause on the steps of the Lincoln Memorial. (Submitted photos)



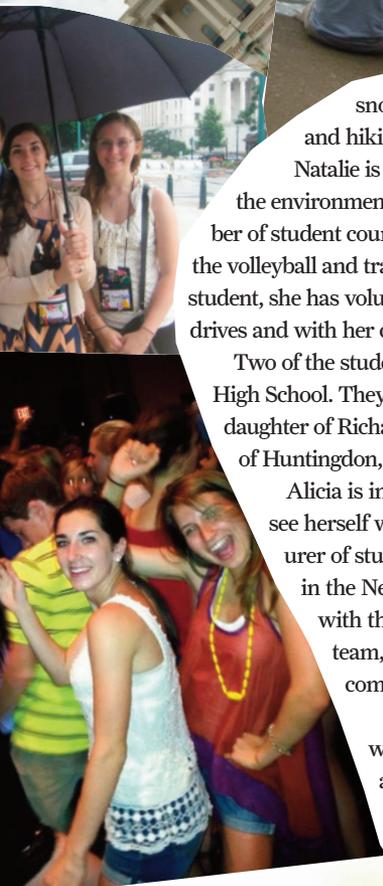
snowboarding and hiking.

Natalie is considering a career in the environmental sciences and is a member of student council and Key Club. She is on the volleyball and track teams. An honor society student, she has volunteered with four Red Cross blood drives and with her church's fish dinners for 10 years.

Two of the students are from Mount Union Area High School. They are Alicia Baker of Huntingdon, daughter of Richard and Jody Baker, and Tara Sheetz of Huntingdon, daughter of Brook Sheetz.

Alicia is interested in health sciences and can see herself working as a therapist. She is treasurer of student council and in 2010, marched in the New York City Veterans Day Parade with the school band. Alicia is on the track team, plays summer softball and has completed Safe Sitter certification.

One of two 2013 graduates who went on the trip, Tara plans to become a physical therapy assistant. She was active in the school band and chorus, and participated in the 100th Boy Scouts parade in



is president of his class and has participated in five school musicals. An honor society student, he is a member of the track team and likes to hunt. He is interested in electrical engineering.

Abigail Daniels, the daughter of Joe and Larae Daniels, of Bedford, attends Calvary Christian Academy in Cresaptown, Md. She had the lead role in the school's Christmas play and has appeared in church plays as well. Her classmates have elected her class vice president. She started a school art club. A soccer player, Abby, as her friends call her, enjoys photography, knitting and baking.

Caitlyn Edgell, Hollidaysburg Area High School, is the daughter of John and Penne Edgell of Hollidaysburg. She plans to major in political science and then get her law degree. She was selected best prosecuting attorney of the high school's mock trial team and has twice won the school's speech contest. Caitlyn was chosen to represent Valley Rural Electric Cooperative (REC) in Pennsylvania's Youth Leadership Council competition during Youth Tour. Her activities include softball, math league and Model U.N.

Cheyenne Brumbaugh graduated from Calvary Christian Academy, Huntingdon, in June. Cheyenne is the daughter of Corey and Sandy Brumbaugh of Three Springs. She plans to become an attorney and is taking lessons to receive her private pilot's license. School activities included choir, soccer and writing for *The Daily News Press Club*.

She also volunteers at the Shirley Home for the Aged.

Cheyenne, the 2012-13 fire queen for Three Springs Volunteer Fire Co., was also chosen to represent Valley REC in the leadership competition.

Three Youth Tour students are from Southern Huntingdon County High School. They are Hannah King of Shade Gap, daughter of Ron and Wendy King; Kelsi Newman of Mapleton, daughter of Brock and Shanna Newman; and Taylor Schmidt, also of Mapleton, daughter of William and Jolene Schmidt.

Hannah is an honor society student who has participated in concert band for six years and serves as class vice president. She has played high school basketball and softball, helping her softball team into the playoffs this year. She is active with her church youth group and enjoys summer softball and reading.

Like many of her tour mates, Kelsi enjoys music. She is involved in all of her school's band and chorus programs, including jazz band, and she is the marching band's drum major. Kelsi enjoys traveling, shopping and target shooting. She hopes to have a career in education.

Taylor hopes to combine music and education by working as a choral director. An honor society student, she has participated in school musicals for two years, and in county and district chorus events. She is active in her church and also enjoys playing softball.

For more information on the Rural Electric Youth Tour, contact the member services department at Valley REC at 814/643-2650, toll-free 800/432-0680 or email memberservices@valleyrec.com.



Washington, D.C., as well as the Veterans Day parade in New York. Tara plays guitar and sings, and has several public performances to her credit.

One student from Southern Fulton Junior/Senior High School went on Youth Tour. Noah Hykes of Needmore, the son of Mac and Jennifer Miller,

ABOVE: Students sponsored by Valley REC on Youth Tour 2013 are, from left: Noah Hykes, Lance Chambers, Nathan Bishop, Caitlyn Edgell, Austin McMonagle, Cheyenne Brumbaugh, Alicia Baker, Tara Sheetz, Abigail Daniels, Hannah King, Natalie Romano, Taylor Schmidt, Kelsi Newman and Laura Allison. Youth Tour included a night of dancing, a trip to meet legislators and sightseeing. (Submitted photos)

Valley Rural Electric Cooperative awards 25 \$1,000 scholarships to local students

BY LUANNE H. ECKENRODE
Vice President, Consumer Services & Public Relations

VALLEY Rural Electric Cooperative recently awarded 25 \$1,000 scholarships to high school seniors, as well as students already enrolled in post-secondary institutions.

The co-op's Brighter Future Scholarship Program was established in 2010 to assist eligible students who are cooperative members or their dependents. Selection criteria include academic achievement, financial need, school activities and community service.

The money to finance this initiative comes from unclaimed capital credits refunds that previously had to be turned over to the state treasury. But now, thanks to the efforts of the cooperative's political advocates, these resources can be kept in co-op communities and used to assist consumers facing financial hardships, and to fund educational scholarships.

The following 21 high school seniors were awarded scholarships from Valley REC:

Bedford County: Tussey Mountain High School — Erin Curfman of Cassville, daughter of Clair and Susan Curfman, attending Clarion University of Pennsylvania.

Blair County: Altoona Area High School — Dylan Eckels of Hollidaysburg, son of Lisa Shilaos and Edward Eckels, attending Drexel University; Central High School — Taylor McKnight of Roaring Spring, daughter of Melissa and Curt McKnight, attending Saint Francis University; and Megan Witkovsky, also of Roaring Spring, daughter of Paul and Julie Witkovsky, attending Indiana University of Pennsylvania; Claysburg-Kimmel High School — Kala Brumbaugh of Claysburg, daughter of Lisa Iachini, attending The University of Alabama; Hollidaysburg Area Senior High School — Taylor McCready of Duncansville, daughter of Diane Mobley and Don McCready, attending Bucknell University; and Nur Cardakli of Hollidaysburg, daughter of Kubilay and U. Fusun Cardakli, attending Duke Uni-

versity; Williamsburg Junior/Senior High School — Emily Shaw of Williamsburg, daughter of Steve Shaw and Karyn Shaw, attending Penn State; and Cassandra Kensinger, also of Williamsburg, daughter of Stanley and Patricia Kensinger, attending California University of Pennsylvania.

Fulton County: Southern Fulton Junior/Senior High School — Taelor Morton of Needmore, daughter of L. Allen and

Kelly Morton, attending Penn State Altoona.

Huntingdon County: Huntingdon Area High School — Kayla Handy of Mill Creek, daughter of Tracey Handy and Mike Handy, attending Clarion University; and Jacob Finkle, also of Mill Creek, son of Bradley and Cheryl Finkle, attending Juniata College; Juniata Valley High School — Taylor Thompson of Petersburg, daughter of John and Paula Thompson, attending DuBois Business College; and Allison Miller, also of Petersburg, daughter of Mark and Tracey Miller, attending Penn State Altoona; Mount Union Area High School — Bryan Wenzel of Shirleysburg, son of Kurt and Anna Mary Wenzel, attending Stevens Institute of Technology; and Samantha Bliss of Huntingdon, daughter of Timothy and Jacquita Bliss, attending Rensselaer Polytechnic Institute; Southern Huntingdon County High School — Makayla Hawbaker of Shade Gap, daughter of Michael and Michele Hawbaker, attending Juniata College; and William Shee of Calvin, son of Robert and Diane Shee, attending Saint Francis University.

Juniata County: Juniata High School — Kelsey Beasom of Mifflin, daughter of Gary and Christina Beasom, attending South Hills School of Business & Technology.

Mifflin County: Mifflin County High School — Makayla Pearce of Lewistown, daughter of Tim and Paula Pearce, attending Penn State Altoona.

In addition, Amy Lingenfelter of Clays-

burg, daughter of Erik and Linda Lingenfelter, a home-schooled student planning to attend Pensacola Christian College, was selected to receive a Brighter Future Scholarship.

Four students currently enrolled in post-secondary institutions were also awarded scholarships from Valley REC for the 2013-14 academic year. They include:

Stacy Locke of Shade Gap, daughter of Steven Locke and Michelle Burkholder, a 2006 graduate of Southern Huntingdon County High School attending the Pennsylvania College of Optometry at Salus University; Byron Brown of Huntingdon,

son of Shelly and James Brown, a 2011 graduate of the Susquehanna Valley Homeschool Diploma Program attending Liberty University; Justin Mellott of Needmore, son of Andy and Kristi Mellott, a 2012 graduate of Southern Fulton Junior/Senior High School attending Mount Aloysius College; and Guy Mauro of East Freedom, son of Guy and Rose Mauro, a 2012 graduate of Claysburg-Kimmel High School attending Penn State Altoona.

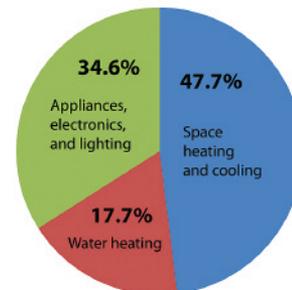
For more information about Valley Rural Electric Cooperative's Brighter Future Scholarship Program, call 800/432-0680 or visit www.valleyrec.com and follow the Programs and Services link to the Scholarships section. ☀



Valley Rural Electric Cooperative, Inc.

How Americans Use Energy

New data from the U.S. Energy Information Administration shows that heating and cooling still accounts for the largest amount of electricity consumption in American homes. But as we use more and more electronic gadgets, that segment is closing the gap.



Source: U.S. Energy Information Administration