

# 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

<b>Statement of Operations</b>		<b>2019</b>	<b>2018</b>
<b>Income</b>			
Operating revenue		36,754,443	36,960,495
Interest Income		52,409	52,243
Other non-operating income		868,140	631,638
<b>TOTAL INCOME</b>		<b>37,674,992</b>	<b>37,644,376</b>
<b>Expenses</b>			
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
<b>TOTAL EXPENSES</b>		<b>34,513,642</b>	<b>35,277,199</b>
<b>NET MARGINS</b>		<b>3,161,350</b>	<b>2,367,177</b>
<b>Balance Sheet</b>		<b>2019</b>	<b>2018</b>
<b>Assets</b>			
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
<b>TOTAL ASSETS</b>		<b>92,652,065</b>	<b>91,931,509</b>
<b>Equities</b>			
Patronage capital and margins		30,117,719	29,841,864
Other equities		12,908,530	11,127,896
<b>TOTAL EQUITIES</b>		<b>43,026,249</b>	<b>40,969,760</b>
<b>Liabilities</b>			
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
<b>TOTAL LIABILITIES</b>		<b>49,625,816</b>	<b>50,961,749</b>
<b>TOTAL EQUITIES &amp; LIABILITIES</b>		<b>92,652,065</b>	<b>91,931,509</b>

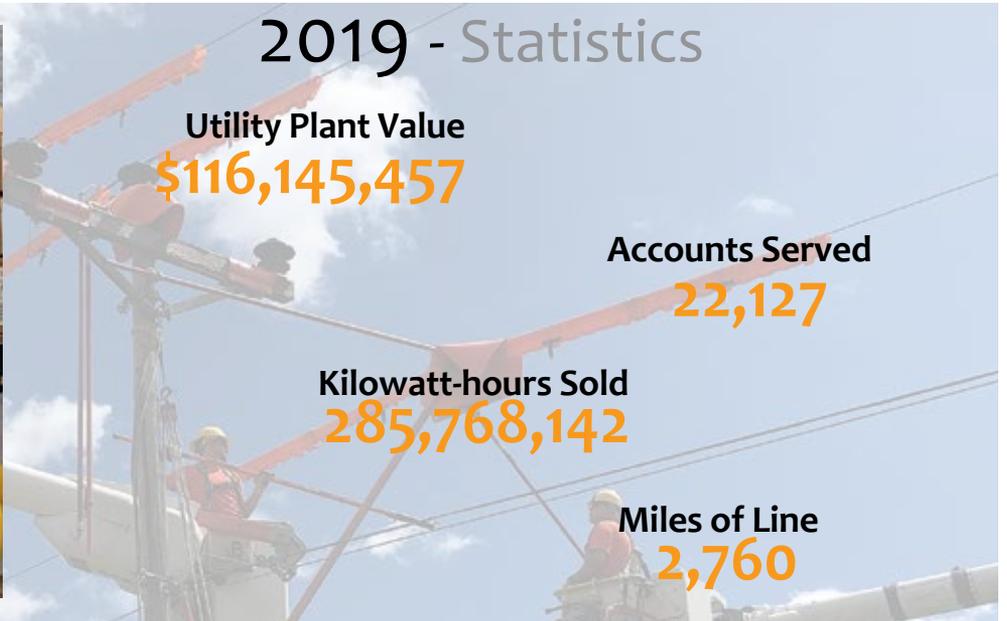
# 2019 - Statistics

Utility Plant Value  
**\$116,145,457**

Accounts Served  
**22,127**

Kilowatt-hours Sold  
**285,768,142**

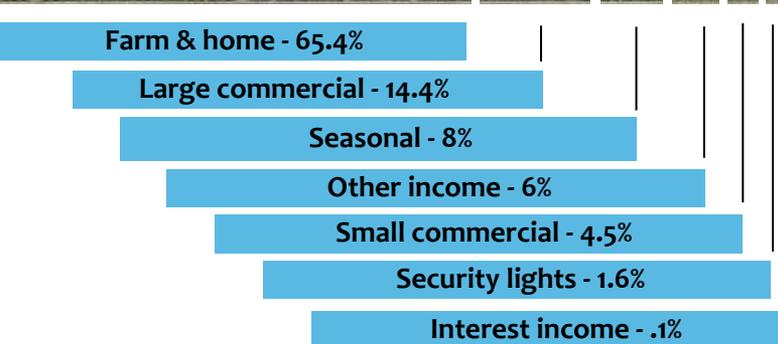
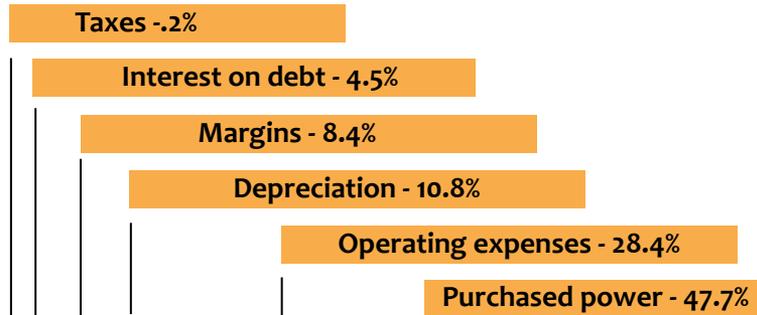
Miles of Line  
**2,760**



## 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