

Valley Rural Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 



One of 14 electric cooperatives serving Pennsylvania and New Jersey

Valley Rural Electric Cooperative, Inc.

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Huntingdon, PA 16652-0477
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1-800-432-0680
www.valleyrec.com

BOARD OF DIRECTORS

James Stauffer
Chairman
Allegheny Director

Leroy Barnes
Vice Chairman
PREA Director

Cindy Bigelow
Secretary

Robert Holmes
Treasurer

Gregory Henry
Randall Huntsman
Linda McMath
Kevin States
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

Valley Rural Electric remains on solid financial footing

On behalf of the employees and board of directors of Valley Rural Electric Cooperative (REC), we're pleased to update you on the health and operations of your member-owned business. We hope you find the information on Pages 14d-14e informative and see that your electric distribution cooperative remains ready to meet the energy needs of our consumers. As it has done for more than 80 years, Valley REC continues to keep safe, affordable, and reliable electric service flowing to member homes, farms, businesses, hunting camps, and churches throughout our eight-county service area.

We're pleased to tell you that your co-op is on solid financial ground. Valley REC had another good year in 2021. Equity was at 51% of assets at the end of 2021, which is in line with our equity management plan. We returned more than \$2.7 million in patronage capital to eligible members and former members in December, our largest return ever. Over the years, we have returned nearly \$34 million in patronage capital.

As usual, the co-op's largest outlay in 2021 was to Allegheny Electric Cooperative, Inc. for the purchase of electricity. The co-op spent more than \$17.5 million for power last year, or about 51% of the 2021 budget. This past year we were again able to decrease our kilowatt-hour rate for members for one month. Valley's board of directors approved a purchased power adjustment for electricity used in December 2021. The kilowatt-hour rate was decreased by 2 cents, a reduction that saved the membership \$500,000. This marks the third year in a row we were able to give members a one-month rate cut.

The COVID-19 pandemic continues to impact some aspects of our engagement with members. Most notably, Valley's board of directors made the decision to again cancel in-person district nominating meetings in 2022. Normally, members in director districts with seats open for election gather at fire-hall dinners in early February. The last time in-person meetings were held was in 2020, just prior to the start of the pandemic. For the second year in a row, members interested in having their name appear on the ballot at the annual meeting followed a signature-gathering process (See story on Pages 14b-14c).

Social distancing protocols and voluntary restrictions on in-person activities have also limited our usual educational presentations. We hope the coming year sees a rebound in our in-person safety and energy-efficiency presentations to schools and civic groups. We invite you to contact the co-op for more information.

Our operations personnel continue to work to improve system reliability and power quality. In November, the co-op energized a new Atkinson Mills substation in Wayne Township, Mifflin County. The new facility replaces a wooden-frame structure at the same location that dates to the 1950s. A highlight of 2020 was the addition of the Path Valley substation to our distribution system in Peters Township, Franklin County. For 2022, work is underway to replace our Sinking Valley substation in Tyrone Township, Blair County. Updating our substations increases our capacity for future load, while also improving our ability to backfeed portions of the system impacted by power outages.

We are continuing our aggressive approach to vegetation management. In 2021, we trimmed nearly 470 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.

We are grateful that our members continued to stabilize future wholesale power costs in 2021 by shifting summertime use to early mornings and evenings and participating in our demand-response program. If you're already enrolled in the program, thank you. If not, please consider joining.

Valley Rural Electric is dedicated to providing safe, affordable and reliable power to our consumers, while improving the quality of life in the region we serve. None of this would be possible without you, the member. Thank you. ♦



JAMES R. STAUFFER
Chairman of the Board



RICHARD S. BAUER
President & CEO

James R. Stauffer

R.S.Bauer



PHOTO BY DOUG ROLES

REGISTER HERE: Valley Rural Electric Cooperative members arrive to the co-op's 2022 annual meeting at the Huntingdon County fairgrounds on April 8, 2022. Valley REC again used a drive-thru event to provide a safe and convenient way for members to cast their ballots for the co-op's board of directors.

Huntingdon County fairgrounds again site of Valley REC drive-thru annual meeting

Three incumbent directors re-elected to co-op board

By Doug Roles
Vice President of Member Services

FOR THE second year in a row, Valley Rural Electric Cooperative (REC) held its annual meeting as a drive-thru event at the Huntingdon County fairgrounds. Members attending the event, held Friday, April 8, re-elected three members to the co-op board.

More than 1,400 of the co-op's consumers participated. Members could arrive anytime between 4-7 p.m. They followed a route that took them through a tent, where they received the co-op's 2021 annual report and a ballot. At a second tent, members cast their ballots to fill three seats on the nine-person

board of directors that represents the utility's more than 18,000 consumer-members. Those directors re-elected to three-year terms on the board are: Greg Henry of Hustontown, Fulton County, District 7; Linda McMath of Shade Gap, Huntingdon County, District 8; and Cindy Bigelow of Williamsburg, Blair County, District 9. Robin Forshey of Williamsburg also ran for the District 9 seat on the board.

"Last year's drive-thru event was a first for Valley Rural Electric. The format was adopted to lessen the likelihood of COVID-19 spread after the coronavirus forced the cancellation of our 2020 meeting," Valley REC President & CEO Rich Bauer explains. "We opted for another drive-thru event this year because of ongoing concern about COVID-19 and because we received a very positive response to the format last year."

For many years, the co-op held its annual meeting in a high school auditorium, either in Huntingdon or Mount Union. Like the 2021 event, this year's drive-thru annual meeting saw a marked increase in attendance over the traditional three-hour high school meeting. Participants in the 2021 event were surveyed by mail, and nearly all respondents were favorable to the drive-thru format. Many members commented that they are not able to attend the traditional meeting for a variety of reasons, including not being able to sit for that long, no longer driving after dark or having the longer meeting interfere with their schedules.

Electric distribution cooperatives across the country have had to find creative ways to hold their annual membership meetings since COVID-19. Some opted for web-based events while others held drive-in or drive-thru meet-

ings. Many co-ops have adopted the new formats as their new normal.

"We hope our members again found this drive-thru event to be a safe and convenient way to participate in their annual meeting," says Valley REC Board Chairman James Stauffer of McVeytown, Mifflin County. "As a member-owned electric cooperative, we're pleased with the increase in attendance."

Participating Valley REC members received a \$25 bill credit and a travel mug. Additionally, cooperative staff collected spent compact fluorescent lightbulbs from members and properly disposed of them.

Valley REC's territory is divided into nine director districts with one member from each district comprising the co-op's board of directors. Normally, the co-op hosts nominating meetings in February in the three districts with a seat open for election. The names of members nominated at those fire-hall dinner meetings appear on the ballot

Three board members re-elected



Greg Henry
District 7



Linda McMath
District 8



Cindy Bigelow
District 9

for election by all attending memberships at the annual meeting.

Due to ongoing COVID-19 restrictions, the co-op again did not hold nominating meetings in February. Instead, members in the three districts received a mailing explaining a signature-gathering process to have their names placed on the ballot.

Valley Rural Electric is a member-owned cooperative providing electric service to consumers in eight counties of south-central Pennsylvania, including Bedford, Blair, Centre, Franklin, Fulton, Huntingdon, Juniata and Mifflin. Incorporated on Nov. 1, 1938, Valley REC energized its first lines Nov. 17, 1939. ♦



ABOVE: Steve Gutshall, a Valley REC crew leader, keeps traffic moving toward the registration tent. Members attending the annual meeting followed a route through the fairgrounds to a second tent, where they cast their ballots for directors.



ABOVE, RIGHT: Valley REC employees Melissa Shetrom, right, and Zach Yohn take a registration card from member Craig Hamilton. When scanned, the barcoded stubs add a \$25 bill credit to member accounts.

RIGHT: Members drive through the second tent to cast their ballot. Each membership was given a travel mug.



VALLEY RURAL ELECTRIC COOPERATIVE, INC

2021 Financial Report

Statement of Operations	2021	2020
Income		
Operating Revenue	36,671,229	37,060,281
Interest Income	49,350	51,915
Other Non-operating Income	2,994,595	1,438,316
TOTAL INCOME	39,715,173	38,550,512
 Expenses		
Cost of Power Purchased	17,662,158	17,237,166
Operations & Maintenance	5,418,490	5,384,087
Member Acct. & Service	1,361,858	1,257,769
Administrative & General	3,656,502	4,117,490
Depreciation & Amortization	4,261,990	4,174,375
Taxes	59,569	59,057
Interest Expense	1,576,713	1,669,161
Other Deductions	104,537	107,586
TOTAL EXPENSES	34,101,817	34,006,691
 NET MARGINS	5,613,356	4,543,821
 Balance Sheet		
Assets	2021	2020
Electric Plant (less depreciation)	76,718,020	75,280,170
Investments	13,728,070	11,222,365
General Fund Cash & Working Capital	2,870,078	798,355
Accounts Receivable	2,527,379	2,993,180
Materials & Supplies	627,233	553,369
Payments Made in Advance	120,520	108,714
Other Current & Deferred Assets	2,664,607	2,907,684
TOTAL ASSETS	99,255,907	93,863,837
 Equities		
Patronage Capital and Margins	30,772,439	30,517,550
Other Equities	18,378,554	15,189,242
TOTAL EQUITIES	49,150,993	45,706,792
 Liabilities		
Long-Term Debt	38,426,925	39,230,456
Notes Payable	0	0
Accounts Payable	3,300,557	1,697,339
Member Deposit	488,360	474,475
Other Current & Accrued Liabilities	4,917,334	4,745,739
Deferred Credits and Regulatory Liabilities	2,971,738	2,009,036
TOTAL LIABILITIES	50,104,914	48,157,045
 TOTAL EQUITIES & LIABILITIES	99,255,907	93,863,837

**Utility Plant Value
\$122,897,983**

**Accounts Served
21,694**

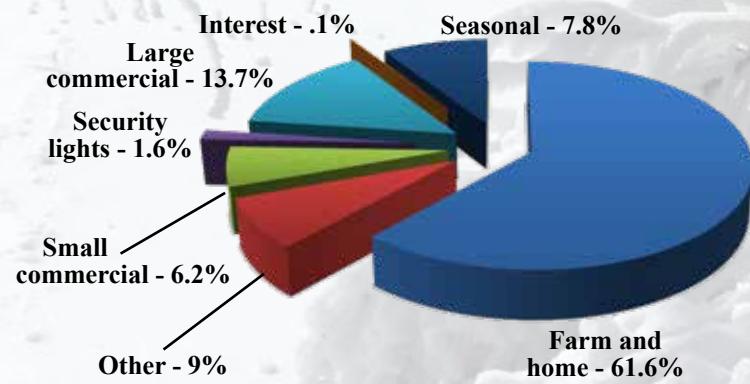
**Kilowatt-hours Sold
303,541,085**

**Miles of Line
2,771**

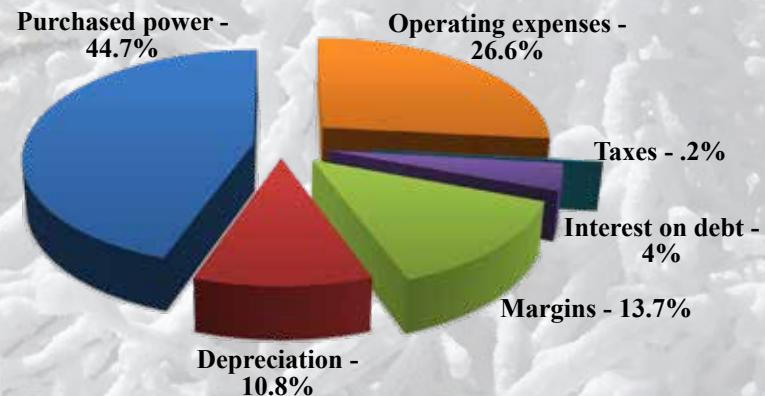
2021 Statistics

The Co-op Dollar

Where It Comes From



Where It Goes



Snow and ice cover Valley REC lines and everything else near Blue Knob, Blair County. (Photo by Journeyman Lineman Trevor Eichelberger)