

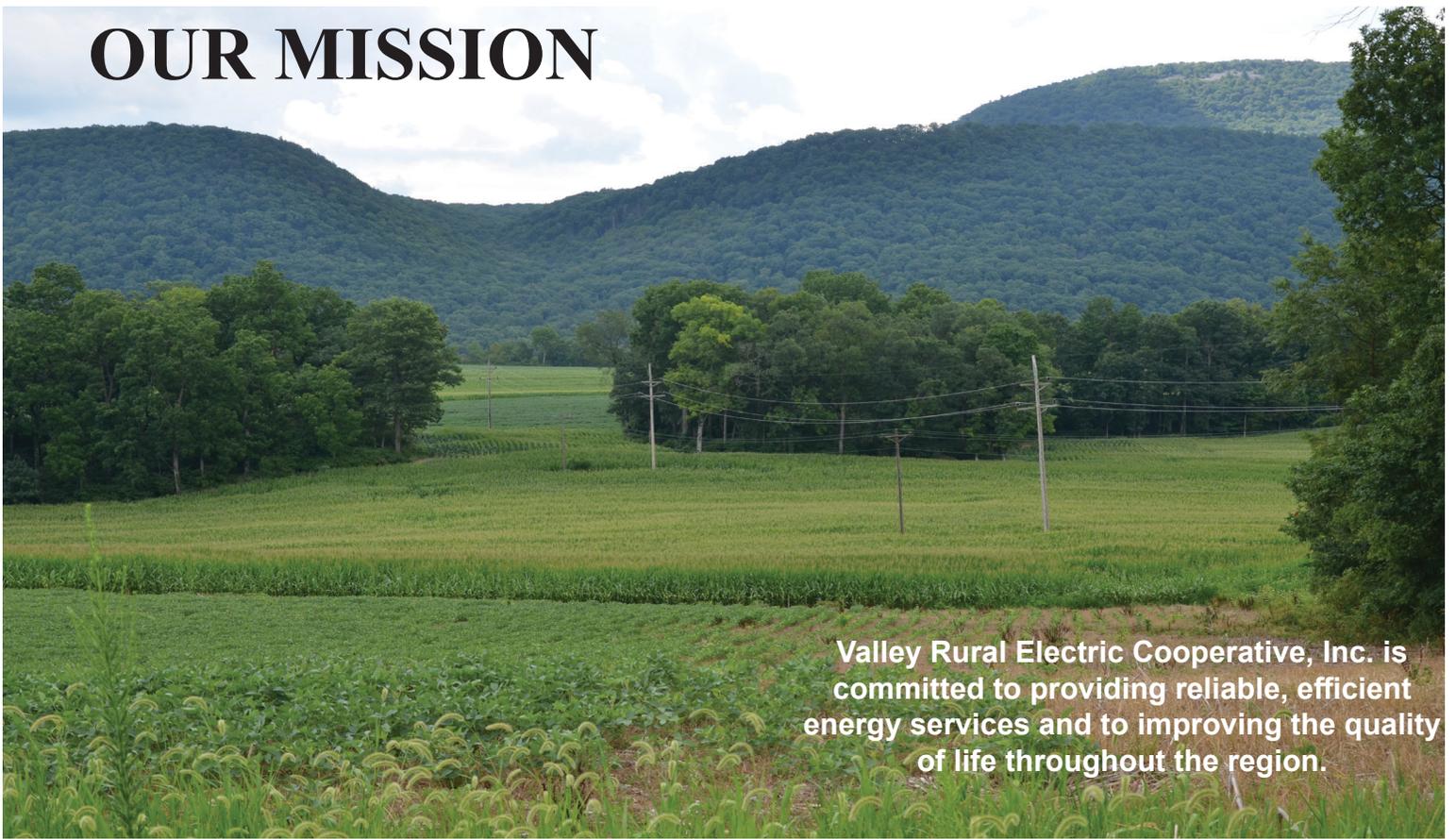
# 2022 ANNUAL REPORT



**VALLEY RURAL ELECTRIC COOPERATIVE, INC.**

Incorporated Nov. 1, 1938

# OUR MISSION



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

## *Our beginning...*

Valley Rural Electric Cooperative, Huntingdon, was set in motion by a group of determined farmers around Martinsburg in southeastern Blair County. The cooperative was incorporated on Nov. 1, 1938 and received its first loan in March 1939. Under the first manager, Floyd Bush, the first 250 miles of line were built, and a substation was constructed at Williamsburg. Lines were first energized on Nov. 17, 1939.



Corporate Office

Huntingdon District Office



Martinsburg District Office

Shade Gap District Office



# Executive Report

On behalf of the employees and board of directors of Valley Rural Electric Cooperative, we're pleased to update you on the health and operations of your member-owned business. We hope you find the pages of this annual report 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 Rural Electric 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 2022. Equity was at 52 percent of assets at the end of 2022, which is in line with our equity management plan. We returned more than \$2.5 million in patronage capital to eligible members and former members in December. Over the years, we have returned nearly \$37 million in patronage capital.

As usual, the co-op's largest outlay in 2022 was to Allegheny Electric Cooperative for the purchase of electricity. The co-op spent more than \$18.3 million for power last year, about 52 percent of the 2022 budget.

The coronavirus pandemic continued to impact some aspects of our engagement with members. Most notably, Valley's board of directors made the decision to cancel in-person district nominating meetings for 2022, but we were fortunate this year that we were once again able to re-start them in 2023. We held three nominating meetings in late February for districts 1, 3 & 5. Candidate biographies are listed on Page 7 of this report.

Supply chain issues and skyrocketing fuel prices top the list of concerns for 2023. Equipment and material, that once were readily available, are now back-ordered, with some items having a 2-year delivery time. The price of fuel has hit all time highs and is reflected in the cost of purchased power for 2023. Even though we own approximately 65% of our own supply, the remaining 35% must be bought on the open market, and we are expecting an almost 30% increase in our cost of purchased power.

Our operations personnel continue to work to improve system reliability and power quality. In 2022 we began the replacement of our Sinking Valley Substation in Tyrone Township, Blair County. It is now complete, and we are planning a May 1st energization. This new substation will replace our old Sinking Valley Substation, which was constructed around 1950, and will be able to increase our capacity for future load while also improving our ability to back feed portions of the system impacted by power outages.

We are continuing our aggressive approach to vegetation management. In 2022, we trimmed nearly 430 miles of rights-of-way and plan on trimming 468 miles in 2023. 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 2022 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 take a moment to consider participation in this program. Now more than ever, controlling the cost of power is essential.

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

A handwritten signature in cursive script that reads "James R. Stauffer".

A handwritten signature in cursive script that reads "R.S. Bauer".

# Our Products, Programs and Services

## Benefit Golf Outing

Valley REC's health and wellness committee organized its first benefit golf tournament in 2012. The employees lend a hand on the course for fundraising effort for local families. The generous support of businesses and individuals helps our beneficiaries better meet the financial challenges associated with serious illnesses and accidents and lets them know their community cares.



**We specialize in small electrical jobs.**

**Prompt service. Free quotes.**

- **Electrical service upgrades and repairs**
- **Lighting and LED upgrades**
- **Emergency back-up power**
- **Water heater installation**
- **Prompt & free quotes**
- **Emergency call-out available**

## Smart Hub

Valley REC offers SmartHub online payment service, which allows members to sign up for electric service, access account history and pay electric bills online. Members can use the service to have the amount of their monthly electric bills deducted automatically from a checking or savings account or a credit card. SmartHub also enables members to receive alerts using their mobile devices. Click or tap on the "View & Pay My Bill" tab on the website. Members may also pay by phone (using a credit/debit card or check) and at co-op offices.



## Community Service Grant Program

Valley Rural Electric Cooperative debuted its Community Service Grant Program at the 2015 annual meeting and has since awarded more than \$589,384 in funding. This initiative offers grants to co-op members experiencing financial hardship, to service organizations such as fire and ambulance companies and to educators who need support materials to teach blocks of instruction related to electricity or the cooperative business model.

Individuals or groups filling out applications will select one of three categories: energy assistance, education or civic/community programs. Grants of \$500 to \$1,000 are available.



The Valley REC board will continue to recognize the brightest and most community minded young leaders by inviting juniors to apply for the Youth Tour Scholarship. The money received can be used toward future education-related expenses. The Youth Tour committee will select recipients based on academic achievement, as well as participation in extracurricular activities and community service.

# Our Products, Programs and Services



## Co-op Connections Card

Valley REC members can take advantage of the Co-op Connections Card program. The card offers discounts from businesses in our communities and across the country. Discounts of 10-85 percent are available on prescriptions at participating pharmacies. The average discount for our members is 50 percent. Show the card and save the next time you're shopping. For a full list of participating businesses, visit [valleyrec.com](http://valleyrec.com).



## Scholarships



Valley REC awards up to 15 \$1,000 scholarships each year to eligible students who apply for the Brighter Future Scholarship Program. This initiative is funded by unclaimed capital credits refunds that previously had to be turned over to the state treasury. Thanks to the efforts of the co-op's political advocates, these funds can now be kept in our local communities. The Pennsylvania Rural Electric Association offers two different scholarship programs as well. Visit the Scholarships page at [www.valleyrec.com](http://www.valleyrec.com) for more information.

## Load Management

Pennsylvania and New Jersey electric co-ops launched the Coordinated Load Management System in 1986. This demand response network, whose participants include over 25 percent of the cooperatives' residential consumers, currently boasts the capability to reduce about 8-10 percent of the entire cooperative system's peak load. Since the program's inception, this has resulted in power cost savings of more than \$130 million statewide for cooperative members.



Valley Rural Electric Cooperative members who agree to participate in this worthwhile efficiency program receive a one-time \$100 credit on their electric bills. For participating in the demand response program, they are also eligible for rebates on the purchase of new electric storage tank water heaters.

Demand response units (DRU) temporarily cut power to water heaters during periods of peak demand. Since the tanks are well-insulated, the water stays warm until the control period ends. Since the DRU can be programmed according to family size, it should not inconvenience members. Ideally, you don't even realize it's there.

## Safety programs



Valley REC offers education programs to students and civic groups within the co-op's service territory. Presentations focus on electrical safety, energy efficiency and co-op careers.



# 2022 Financial Report

Statement of Operations		2022	2021
<b>Income</b>			
Operating Revenue		\$38,053,153	\$36,671,229
Interest Income		\$50,125	\$49,350
Other Non-Operating Income		\$2,620,472	\$2,994,595
<b>TOTAL INCOME</b>		<b>\$40,723,750</b>	<b>\$39,715,173</b>
<b>Expenses</b>			
Cost of Power Purchased		\$18,293,001	\$17,662,158
Operations & Maintenance		\$6,224,295	\$5,418,490
Member Acct. & Service		\$1,281,965	\$1,361,858
Administrative & General		\$4,099,848	\$3,656,502
Depreciation & Amortization		\$4,314,835	\$4,261,990
Taxes		\$64,617	\$59,569
Interest Expense		\$1,570,044	\$1,576,713
Other Deductions		\$105,091	\$104,537
<b>TOTAL EXPENSES</b>		<b>\$35,953,696</b>	<b>\$34,101,817</b>
<b>NET MARGINS</b>		<b>\$4,770,053</b>	<b>\$5,613,356</b>
<b>Balance Sheet</b>		<b>2022</b>	<b>2021</b>
<b>Assets</b>			
Electric Plant (less depreciation)		\$77,973,266	\$76,718,020
Investments		\$15,809,426	\$13,728,070
General Fund Cash & Working Capital		\$1,583,485	\$2,870,078
Accounts Receivable		\$3,552,513	\$2,527,379
Materials & Supplies		\$766,573	\$627,233
Payments Made in Advance		\$29,654	\$120,520
Other Current & Deferred Assets		\$2,413,313	\$2,664,607
<b>TOTAL ASSETS</b>		<b>\$102,128,229</b>	<b>\$99,255,907</b>
<b>Equities</b>			
Patronage Capital and Margins		\$28,997,389	\$30,772,439
Other Equities		\$22,664,265	\$18,378,554
<b>TOTAL EQUITIES</b>		<b>\$51,661,654</b>	<b>\$49,150,993</b>
<b>Liabilities</b>			
Long-Term Debt		\$38,817,200	\$38,426,925
Notes Payable		\$0	\$0
Accounts Payable		\$2,140,265	\$3,300,557
Member Deposit		\$505,810	\$488,360
Other Current & Accrued Liabilities		\$4,914,032	\$4,917,334
Deferred Credits and Regulatory Liabilities		\$4,089,267	\$2,971,738
<b>TOTAL LIABILITIES</b>		<b>\$50,466,575</b>	<b>\$50,104,914</b>
<b>TOTAL EQUITIES &amp; LIABILITIES</b>		<b>\$102,128,229</b>	<b>\$99,255,907</b>

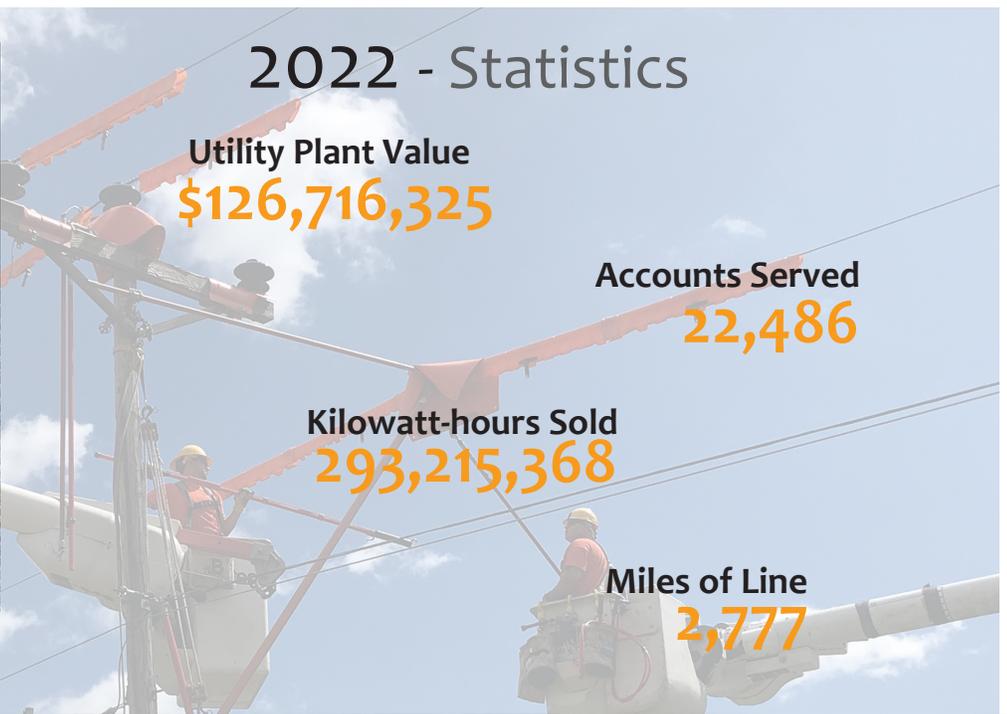
# 2022 - Statistics

Utility Plant Value  
**\$126,716,325**

Accounts Served  
**22,486**

Kilowatt-hours Sold  
**293,215,368**

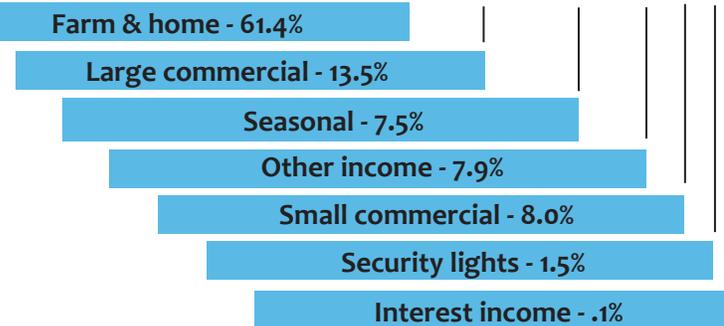
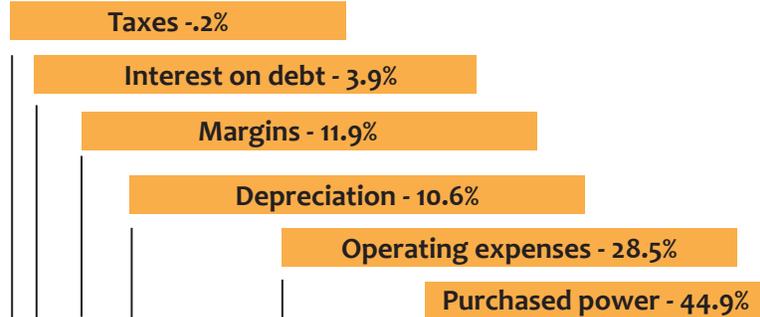
Miles of Line  
**2,777**



## The Co-op Dollar

Where It Comes From

Where It Goes



# 2023 Board Candidates

## DISTRICT 1

Randy Huntsman works as an animal nutritionist with Renaissance Nutrition in Roaring Spring. Additionally, he is employed by Kulp Family Dairy LLC in Martinsburg as a crops manager and as the bookkeeper for Hilecrest Farm LLC in Sinking Valley.

A 1977 Central High School graduate, Randy and his family operated a dairy farm, PA Fair Valley Farms, for over 30 years. He also served on the North Woodbury Board of Supervisors for 24 years, many of which as board chairman.

Randy has a wealth of co-op experience. He is or has been a member of the following cooperatives: Land O'Lakes, Pennsylvania Farm Bureau, Select Sire Power, Ag Choice Farm Credit and Bedford Farm Bureau.

He has also served on various boards of directors, including the boards of Blair County Farm Bureau, Blair County Holstein Club, Blair County DHIA and Professional Dairy Managers of Pennsylvania.

Randy and his wife, Karen, are members of Martinsburg Grace Brethren Church where they both serve as deacons, and Randy as an elder.

In his free time, Randy enjoys touring the country on a Harley, hunting and spending time with his family. He and Karen are the parents of two sons and a daughter, and they are Mimi and Pap Pap to four granddaughters and two grandsons.

Randy is 63 years old. He has been a Valley member since 2007 and has served on the Valley REC board since July 2016. Randy has earned his Director Gold Credential from NRECA for completing the required continuing education credits. Randy is running unopposed on the ballot for District 1.



**Randall Huntsman**  
194 Fair Valley Road  
Martinsburg, PA 16662

## DISTRICT 3

A 61-year-old native of Hesston, Huntingdon County, Kevin States works on his family's 200-acre farm and rents another 200 acres of crop land and feeds 80 head of young stock. The operation utilizes the services of Bedford Farm Bureau Cooperative in addition to Valley Rural Electric.

Kevin is a 1979 graduate of Huntingdon Area High School. He is a past member of the National Holstein Association and a member of the Pennsylvania Farm Bureau. He was formerly involved with the Huntingdon County 4-H dairy and beef clubs and was a member of the Rural Electric Youth Tour delegation in 1978.

The States farm has received electric service from Valley REC since 1952; Kevin has been a member of the cooperative since 1982. He has served on the co-op's board of directors since 1999 and has held positions of vice chairman and secretary. He has previously attained the Gold Level director certification, the highest level of training for electric co-op directors.

Kevin has one son, one daughter, three grandsons and four granddaughters. In his free time, he follows NASCAR racing and enjoys going to local dirt track races.

Kevin is running unopposed on the ballot for District 3.



**Kevin R. States**  
13631 Raystown Road  
Hesston, PA 16647

## DISTRICT 5

Kenneth Soder has worked for Patton Township since July of 1999. He started as the Township Zoning Officer and is currently the Public Works Director. Ken and his wife, Kathy, started the K BAR K Farm in 1997 in the Bald Eagle Valley area with 14 Dorset ewes purchased from a lady getting out of the sheep business. They moved to West Township in Huntingdon County in 2002 to accommodate their growing sheep flock.

Ken is a 1979 graduate of State College High School. He obtained his bachelor's degree from the College of Agricultural Engineering in Agricultural Mechanization in 1989.

He has been married to Kathy since 1991. They are the parents of Nathan Soder who was born in 2003 and is currently enrolled at Penn State studying criminology.

Ken is an active member of the Petersburg Bethel Presbyterian Church. He has served as an Elder and is currently serving as a Trustee.

Ken has been a Valley member since 2002.

In his spare time, Ken is a Shavers Creek 4-H leader involved with sport fishing and woodworking.

Ken is running unopposed on the ballot for District 5.



**Kenneth Soder**  
5867 Eberle Road  
Petersburg, PA 16669

# Our People

## Directors

James Stauffer  
Chairman  
Allegheny Director

Leroy Barnes  
Vice Chairman  
PREA Director

Cindy Bigelow  
Secretary

Randall Huntsman  
Treasurer

Greg Henry

Linda McMath

Kenneth Soder

Kevin States

Joanne Whitsel

Rich Bauer  
President & CEO



# Employees

## Corporate

John Bookwalter Jr.  
Terri Brumbaugh  
Stephen Bruno  
Lisa Carper  
Ethan DeVore  
Danielle Estep  
Ben Gorman  
Max Hetrick  
Rick Iddings  
Jamie Jones  
Travis Kuhstos  
Joe Miller  
Elizabeth Morocco  
Rikki Moyer  
Doug Roles  
Todd Ross  
Melissa Shetrom  
Lindsey Weikert

## Shade Gap District

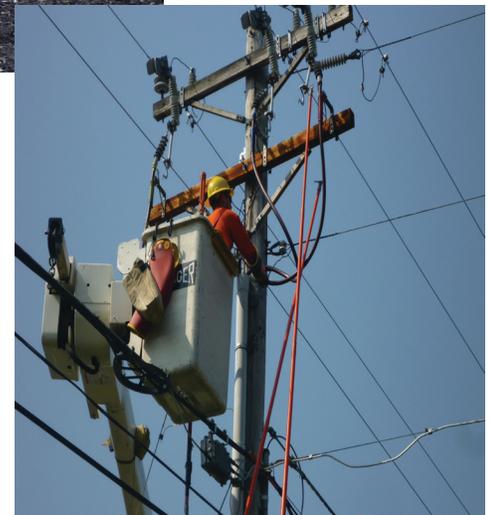
Nathan Berry  
Logan Booher  
Wilmer Bucher Jr.  
Brandon Clemens  
Ashley Hicks  
Patrick Lightner  
Tricia Long  
Riley Price  
Jonathan Shields  
Curtis Starr  
Curt Wilson  
Jason Wilson

## Martinsburg District

Mike Lansberry  
Bill Bogel  
Dane Diehl  
Greg Dilling  
Ryan Dodson  
Matthew Fagan  
Jason Hey  
Kathy Luprek  
Rob Shook  
Brooke Stonerook

## Huntingdon District

Matt Andrasi  
Adam Atherton  
Billy Ayers  
Justin Berrier  
Kevin Detwiler  
Greg Diehl  
Trevor Eichelberger  
John Fogelsonger  
Seth Glover  
Josh Gutshall  
Steve Gutshall  
Alicia Henchey  
Eric Henchey  
Stephen Jeffries  
Chris Myers  
Gina Norris  
Richard Sunderland  
Brook Thompson  
James Vaughn  
Eric Yingling



# The Seven Cooperative Principles

Democratic member control  
Member economic participation  
Autonomy and independence

Voluntary and open membership  
Concern for community  
Continuing education

Cooperation  
among  
cooperatives



# Valley Rural Electric Cooperative, Inc.

® Your Touchstone Energy® Cooperative 

PO Box 477  
Huntingdon, PA 16652-0477  
814/643-2650  
Toll-free 800/432-0680  
Fax 814/643-1678

**Corporate Office**  
10700 Fairgrounds Road  
Huntingdon, PA 16652

**Huntingdon District**  
10787 Station Road  
Huntingdon, PA 16652

**Martinsburg District**  
2585 Cove Mountain Road  
Martinsburg, PA 16662

**Shade Gap District**  
22140 Croghan Pike  
Shade Gap, PA 17255

Learn how to save energy at [www.valleyrec.com](http://www.valleyrec.com)