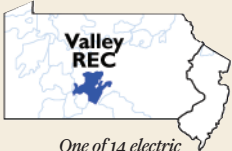


Valley  
Rural Electric  
Cooperative, Inc.

Your 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

**Leroy Barnes**  
Vice Chairman

**Kevin States**  
Secretary

**Cindy Bigelow**  
Treasurer

**Robert Holmes**  
Allegheny Director

**David Wright**  
PREA Director

**Corey Brumbaugh**  
**Mervin Brumbaugh**  
**Earl Parsons**

CORPORATE OFFICE HOURS

**Monday - Friday**  
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

FROM THE PRESIDENT & CEO

Putting money back in your pockets



by Wayne Miller  
President & CEO

**NEXT MONTH**, Valley REC consumers will receive the most obvious benefit of cooperative membership: the capital credits refund.

Valley will return approximately \$950,000 in capital credits this year to eligible members and former members of the co-op and to estates. The funds will be applied to active members' accounts and will appear as

a credit on the December bills. Checks will be mailed to former members.

**Definition**

What are capital credits? They represent your investment in the cooperative. A private power company obtains the money it uses for capital projects from the sale of stock, bonds and the profit it makes on selling electricity to its customers. An electric cooperative, on the other hand, does not have stockholders and cannot sell bonds to generate funds for system improvement projects. Instead, capital is obtained from borrowed funds and member-provided capital through their purchase of electricity. Built into the price of each kilowatt-hour of electricity the co-op sells is a small margin that supplies a portion of this needed funding, which reduces our need to borrow money. With private power companies, stockholders receive a portion of the margins (profits) as annual dividends. By the way, their customers (who provided this profit) receive nothing. With cooperatives, the margins get allocated to each member's capital credits account based on that member's patronage (use of electricity) throughout the year. When the board of

directors considers the cooperative to be on solid financial footing, it refunds a portion of that accrued capital to the membership.

**Determination**

How are the individual refunds determined? Since 2003, the cooperative has retired capital credits using a combination of two methods.


The first-in/first-out approach enables the co-op to return money to members who have had money in their capital credits accounts for the longest time.

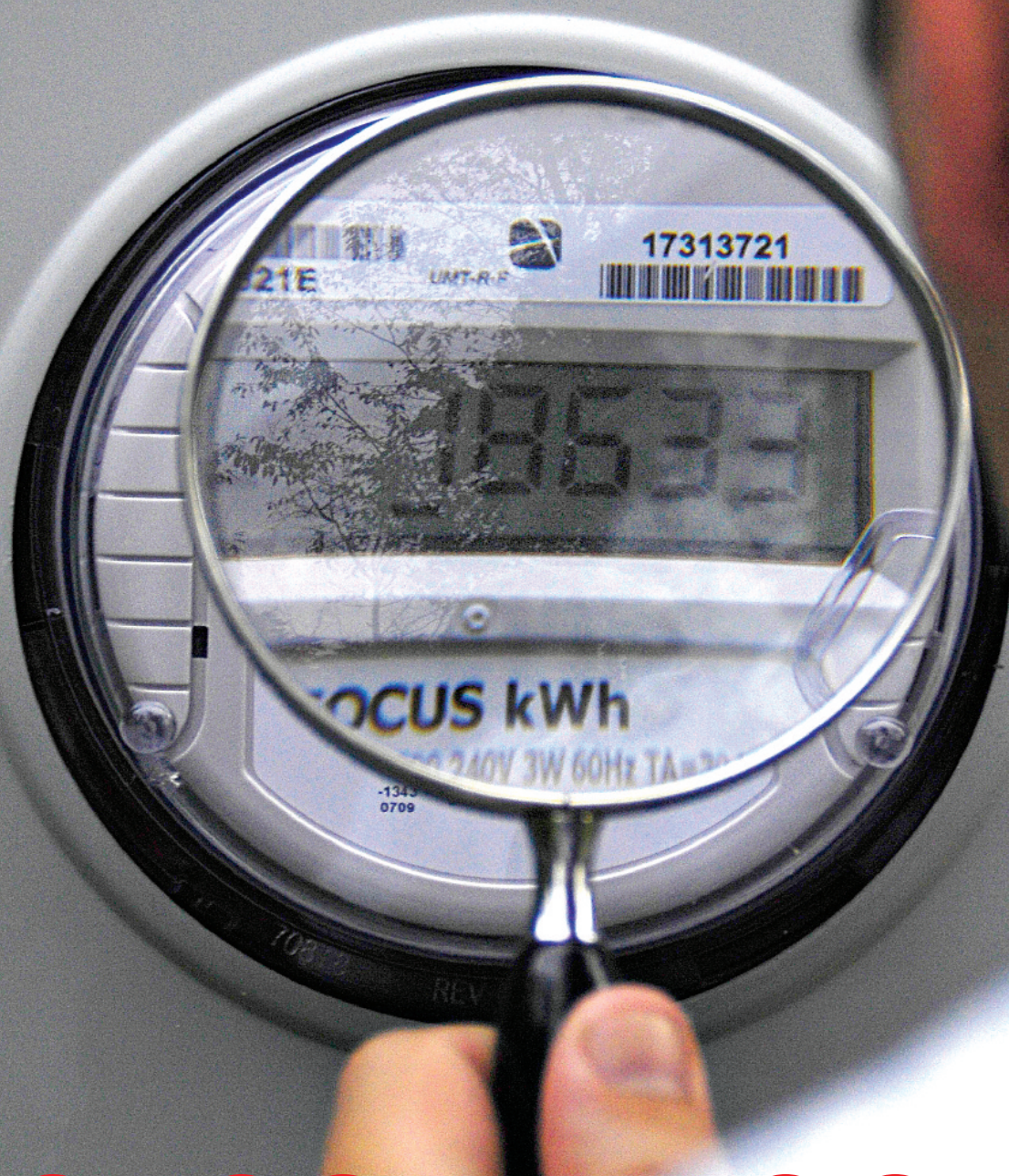
The percentage method allows each member to receive a refund proportional to his or her total capital credits allocations, ensuring that present-day members who are paying for current costs are rewarded for their patronage of the cooperative.

In addition to monies returned through these two methods, another portion will be earmarked for distribution to the estates of deceased members.

Combined with previous retirements, Valley has paid back nearly \$19 million in capital credits to its members over the years.

The size of your refund is determined by the number of years that you have been a member and your patronage during that time. But whether your credit is large or small, it represents one of the fundamental principles of cooperative membership.

Your representatives on Valley's board of directors are pleased that the co-op enjoys the financial stability to permit the return of capital credits to its members. And they are proud that Valley REC possesses a record of continuous annual returns for the past 33 years. 



# CLOSER LOOK

BY SUSAN R. PENNING  
*Director of Member Services*

## Examining the benefits of automated meters

**FOR MORE THAN TWO YEARS**, folks at Valley Rural Electric have been working hard to upgrade the co-op's entire metering infrastructure to an automated system that provides advanced, two-way communication between "smart" meters and the utility's back-end information technology framework.

This project is in line with the United States' deployment of the Smart Grid through the Energy Independence and Security Act of 2007 (Title 13).

The goal is to have every meter on Valley lines upgraded by the end of 2012.

Throughout this project, co-op employees have remained committed to keeping members informed about the installation of these meters. The following information is a compilation of answers to commonly asked questions regarding this project.

#### **Why is the co-op switching to automated meters?**

Because the co-op is a not-for-profit business owned by its members, improving efficiency and service reliability while keeping costs down is always a top priority. Advanced metering infrastructure (AMI) allows us to do all of these things. For example:

- ▶ When an old meter is exchanged for a new automated version, the new meter is immediately activated and the member no longer has to report meter readings.
- ▶ Because readings are reported electronically at the same time each month, members benefit from unsurpassed meter reading accuracy and consistent billing periods.
- ▶ We no longer have to collect fees from members who fail to report meter readings.
- ▶ The AMI system helps us provide members with information that may aid them in managing their energy use.
- ▶ Power quality diagnostics in this new system help us determine the source of power outages, allowing us to potentially restore power more quickly. We can also confirm whether power has been restored at a property. And we can analyze voltage and power fluctuations and decide if we need to upgrade equipment in a particular area.

#### **What specific information does a smart meter provide?**

Valley's automated meters record kilowatt-hour use, the number of times a loss of power has occurred, whether or not the meter has been tampered with and capacity (demand). They also record when power

was used, if and when the lights blink, and how long power is out.

It's important to note that these meters only record collective use — all the power used in the home during a given period. These meters cannot identify or report specific appliance use or household activities.

Valley's automated meters are currently read four times daily. The data collected includes three eight-hour interval readings and one reading around midnight that records the total use over the past 24 hours.

#### **Will the meter notify Valley when power goes out?**

No. Automated meters operate on a polling basis and do not immediately notify the co-op when an outage occurs. There is not a continuous stream of information flowing between the meters and our meter management system.

When you have an outage or emergency situation, you are still encouraged to call 800/432-0680. The new meter will, however, help the co-op verify whether the problem is on the member's side of the meter or with our service.

#### **Do I have a choice whether or not to get an automated meter?**

No. All Valley meters will be replaced with automated versions so that the entire membership can receive the benefits of AMI. Allowing some members to remain self-read would defeat the purpose of improving efficiency and service reliability, and would also create weak communication points in the electric distribution system that could potentially delay outage restoration efforts.

#### **Can Valley disconnect power using the automated meter?**

In the future, Valley may install a separate disconnect collar with the capability to remotely disconnect the service. These collars would only be installed where necessary.

#### **How does the co-op ensure that information collected from automated meters is accurate and secure?**

The co-op chose Aclara as its AMI system vendor. Aclara has an established reputation of providing quality products equipped with the security features and encryption technology recommended by the nation's top security experts.

The equipment supplied to the co-op underwent extensive testing by an accredited lab to verify that it met all Federal Communi-

cations Commission (FCC) requirements.

Valley Rural Electric never sells any member information, including meter data, to third parties. We also take very seriously our role of protecting member information. Our employees are briefed regularly on the specific measures they must follow in order to guard sensitive data. In addition, the co-op's technology use policy — which must be signed by every employee — states that sending or posting confidential material or proprietary information or jeopardizing the security of the co-op's electronic communications systems may result in immediate termination of employment or even prosecution, if necessary.

#### **Do these meters require more energy to operate or emit any harmful signals?**

Valley sends signals from the co-op's substations to your meters using power line communications. In other words, we are taking advantage of the existing distribution lines and equipment to gather our data. No additional signals have been added to the lines outside your home and there is no increase in electromagnetic activity.

Valley's new meters DO NOT use wireless radio frequency technology. However, it's important to note that research conducted by the FCC, the Electric Power Research Institute, the Utilities Telecom Council and others has found no negative health impact from digital meters that do use a wireless communications network.

The radio frequencies (RF) emitted by digital meters fall well below the maximum recommended in federal guidelines. In fact, the RF exposure from a cell phone is 12,667 times greater than a smart meter; exposure from a cordless phone is 8,000 times greater; a microwave is 313 times greater; a WiFi signal is 67 times greater; the natural RF from the human body is 20 times greater; TV, radio and cell towers are 10 times greater; and the natural RF from the earth is 8.7 times greater than a smart meter.

Valley Rural Electric is solely owned and operated by those who receive electric service from the co-op. When the board of directors approves the use of new equipment and technology, they do so knowing that it will also be employed at their own homes. In choosing to use AMI, we have not only deemed it to be a wise and safe choice for all co-op members and their families, but also for our own families as well. ☀

# Get help with winter heating bills

Cold weather is at the door — and so are winter heating bills. If the cost of heating your home this time of year may break your budget, you may be able to take advantage of the Low-Income Home Energy Assistance Program (LIHEAP) available through your county's assistance office.

LIHEAP is a federally funded program that helps to pay the heating bills of low-income people. Through LIHEAP, eligible applicants are provided with cash benefits. Crisis payments for energy emergencies may be made within 24 hours.

Effective Nov. 1, consumers in low-income households may apply for:

**LIHEAP Cash Program** — This program provides a payment applied directly to a member's electric account and can be used for both current and past due bills.

**LIHEAP Exception Program** — This program offers grants to help restore a consumer's electric service in cases where power has been disconnected.

Beginning Jan. 2, 2012, consumers in low-income households can apply for:

**LIHEAP Crisis Program** — This program offers grants to help consumers avoid disconnection. Electric service may be restored in cases when power has already been disconnected.

## Requirements

To qualify for 2011-12 LIHEAP benefits, your annual gross household income must be less than the following amounts:


Size of household	Annual household income
1 person	\$ 16,335
2 people	22,065
3 people	27,795
4 people	33,525
5 people	39,255
6 people	44,985
7 people	50,715
8 people	56,445

Applications for the LIHEAP program are available through your county assistance office. For county assistance contact information, visit the Pennsylvania Department of Public Welfare website at [www.dpw.state.pa.us](http://www.dpw.state.pa.us). Click on the Find Facilities and Locations link.

To apply, you will need to have the following information available:

- Names, dates of birth and Social Security numbers for all people living in your household;
- Proof of income (such as paycheck stubs) for all members of your household; and
- A copy of your most recent heating bill.

If you think you may qualify for LIHEAP benefits, **do not wait to apply. Funds available through the program are limited.** Both the cash and crisis programs are scheduled to close by spring.

For more information about energy assistance, feel free to contact the co-op's billing department. Email [billing@valleyrec.com](mailto:billing@valleyrec.com) or call 800/432-0680. 



## Jump start your holiday shopping

**VALLEY REC GIFT CERTIFICATES** make great gifts for the co-op members on your list.

To purchase one, complete the information below. If you'd like to surprise more than one person, please list the names, addresses and amounts for each on a separate sheet. Then mail this form with your check or money order for the total amount to: Valley REC, PO Box 477, Huntingdon, PA 16652-0477.

After we receive your payment, the co-op member's account will be credited in December with the amount you've specified. The certificate may be mailed directly to the recipient, or it can be sent to you for personal delivery.



Recipient's Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Amount of Gift (\$5 minimum) \$ \_\_\_\_\_

*(Make check or money order payable to Valley REC)*

Your Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone (including area code): \_\_\_\_\_

- Return certificate to me.
- Send certificate directly to recipient prior to \_\_\_\_\_ (date).
- I wish to remain anonymous.