

Valley News

May | June 2010

Volume 67 | Issue 3

VALLEY RURAL ELECTRIC
COOPERATIVE, INC.

20

ANNUAL REPORT

09

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PRESIDENT'S REPORT



Once again, it is indeed my pleasure to report on the status of your electric cooperative. I consider it an honor and privilege to serve as president and CEO of Valley Rural Electric.

This report will highlight some of the cooperative's achievements during 2009. Thanks to the leadership of your board and the hard work and dedication of your employees, Valley continues on a successful path of maintaining a strong financial position while providing its members with reliable service at reasonable rates.

We have now officially relocated our Huntingdon district operations to the former Shaner Energy building at the intersection of Fairgrounds and Station roads south of Huntingdon. A 12,000 square-foot truck garage/warehouse was added to the site. This district office is now more centralized within its service territory and our line crews have easy access to two main travel arteries, routes 22 and 26 (south). The old facility along Standing Stone Road is for sale.

Keeping trees properly trimmed along Valley's 2,900 miles of electric distribution line represents one of our most challenging and costly maintenance programs. More than 250 miles of line were trimmed in 2009 at a cost of \$961,500. Valley's five-year right-of-way maintenance cycle helps the co-op minimize costly and inconvenient outages and allows our distribution system to operate more efficiently because energy losses are reduced. In fact, we estimate that this program saves members more than \$350,000 annually in wholesale power costs.

Co-op personnel focused on several system improvement projects in 2009. In fact, more than \$7 million was allocated for various work plan obligations.

Last year, eight miles of new distribution line were constructed and 321 new electric services were brought on line.

We installed primary underground line for a new housing development in the Water Street area called Emily Estates. We also upgraded to three-phase service PennsyLumber Products near Williamsburg and enhanced a tie line in the Frankstown area.

In addition, we're upgrading about 6.5 miles of line between Williamsburg and Ore Hill, creating a tie

line there. And we're boosting reliability in the Harrisonville area by upgrading five miles of three-phase line plus about 25-30 miles of tap lines that come off of those main feeders -- basically everything from Route 30 to Clear Ridge. Also, we're upgrading about 12 miles of line in the Reeds Gap area as well as about five miles in the Shade Gap area.

The complete distribution system inventory project that began two years ago will wrap up in 2010, providing our personnel with an accurate, electronic database as well as digitized maps of Valley's system. To complement this new mapping system, our employees who design, upgrade and expand our power line paths will soon use an electronic, automated staking system. This will streamline our record-keeping processes.

Total energy sales for 2009 were nearly 269 million kilowatt hours (kWh). While sales to our commercial and industrial members were down compared to 2008, energy sales to residential and seasonal accounts increased by 1.7 percent. Unfortunately, our costs to upgrade, operate and maintain the co-op's electric distribution system have increased nearly 31 percent since 2005. Global demand has forced up costs for line materials and equipment. The current economic recession has eased skyrocketing prices somewhat, but we anticipate that the relief will be temporary.

We continually strive to control our costs by managing expenses and incorporating technology and efficiencies where possible. Our success in these areas has helped us avoid a rate increase in 2010. As many of you are probably already aware, hefty rate increases have become commonplace these days, particularly for customers of private power companies. So we at the co-op are pleased to be able to offer our consumers some peace of mind in that area.

Although we always look at ways to trim the bottom line, rest assured we will never sacrifice your quality of service in the process. Despite market conditions and sluggish sales, our system maintenance programs are still carried out and investments are still made to rebuild and upgrade our system.

We at Valley Rural Electric work hard to anticipate any potential issues that could escalate the costs of energy and we try to minimize their impact on your electric bills. We have programs and services in place to help you use electricity more wisely. And we're also here to listen to your concerns.

A handwritten signature in black ink that reads "Wayne F. Miller". The signature is written in a cursive, flowing style.

WAYNE F. MILLER, President & CEO



On behalf of your board of directors, I want to thank all of you who were able to attend the 2010 Valley Rural Electric Co-op Annual Meeting on April 16.

I hope you feel as privileged as I do to be associated with Valley Rural Electric Cooperative as a member (and part-owner) of the utility. Our cooperative continues to be a financially sound business. We've been able to maintain a strong percentage of member equity as recommended in our equity management plan. At the end of calendar year 2009, co-op equity was at 43.2 percent of assets.

Last year, \$868,896 in patronage capital was returned to eligible members and former members of the cooperative. The funds were distributed (to active members) in the form of a credit on the December 2009 electric bills. Non-active members received a check. The change in the timing of capital credits distribution allows the co-op to better manage cash flow and save thousands of dollars in interest expenses. Also, by applying capital credits in December, we hope to help offset the higher bills you typically experience around the holidays. In addition, distributing the money in the form of an electric bill credit on active members' accounts helps the cooperative save greatly on processing time and postage costs.

It's worth noting that the financial stability of the co-op shows in our ability to retire capital credits, support operations and maintain equity while satisfying the requirements of our lenders -- the Rural Utilities Service and the National Rural Utilities Cooperative Finance Corporation. Nearly \$17 million in capital credits has been given back to consumers over the years and we plan to continue that trend into the foreseeable future.

I mentioned in my report last year that board members and co-op management staff have been focusing on strategic planning geared toward key goals for the next several years. Implementing new and updated technologies and enhancing the member programs and services we offer are at the top of the list. There are now several projects underway that should significantly improve the way we do business.

For example, the co-op has begun to upgrade its meters to an automated meter reading -- or AMR -- system. This will enable co-op personnel to trou-

bleshoot outages more quickly ... and eventually members will no longer need to read their meters. Everyone on co-op lines should have an automated meter activated at their property by the end of 2012.

We've also begun updating our present load management system, which is used to turn off electric water heaters during periods of peak demand. The new equipment will allow the co-op to take advantage of the latest innovations in demand-side management. Demand response is an important resource to use in controlling electric rates because it reduces the need for new generating capacity and cuts down on costly demand charges.

With regard to customer service, the co-op is finalizing plans to include credit card and online bill payment options as well as online access to account history information in 2010.

The co-op's website already offers an online energy audit program where visitors can get energy efficiency information tailored specifically to their homes. And co-op personnel are always ready to answer questions and offer energy efficiency information and materials -- and even host educational programs for local organizations.

Improving the quality of life in the regions we serve is part of the co-op's mission statement and we take that charge very seriously. This year, the co-op will award up to 25 \$1,000 scholarships to students who qualify. The money to fund this initiative, called the Brighter Future Scholarship Program, comes from unclaimed capital credits refunds that previously had to be turned over to the state government. Thanks to the efforts of our political advocates, we can now keep those funds in our local communities.

Speaking of community service, the co-op now offers compact fluorescent lightbulb (CFL) disposal free of charge at all its offices (compact spirals only, please). In fact, at the annual meeting, each family that brought a spent CFL bulb received a free replacement. It's another way the co-op is proving its commitment to preserving our natural resources.

In conclusion, your board is confident that the co-op is in a healthy financial position and is working hard to provide unsurpassed customer service. We feel a great responsibility to continue the co-op's record of success. Thank you for allowing us to serve.

A handwritten signature in black ink that reads "James R. Stauffer".

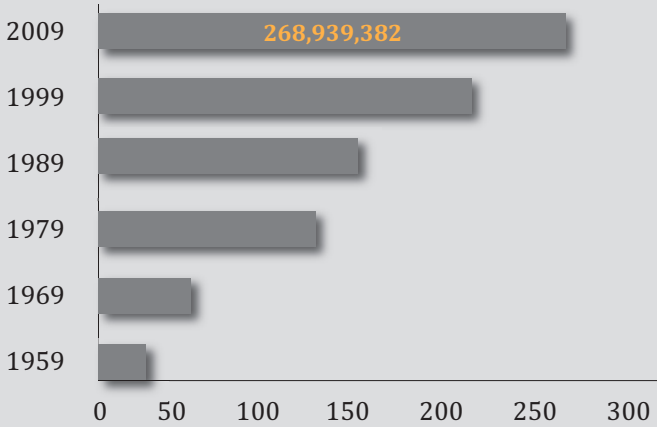
JAMES R. STAUFFER, Chairman of the Board

2009 FINANCIAL REPORT

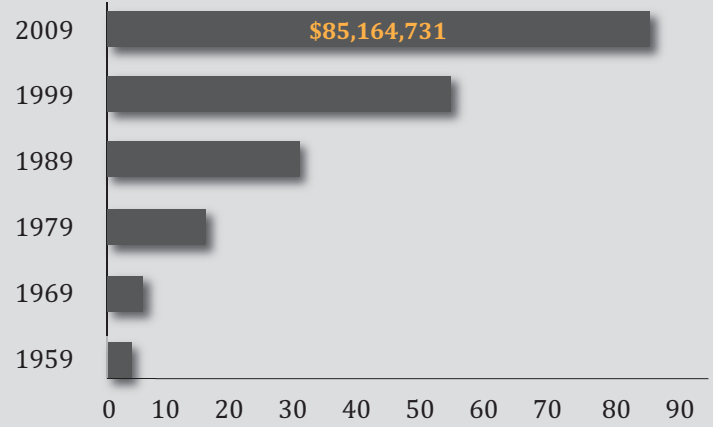
Statement of Operations		
	2009	2008
Income		
Operating Revenue	\$29,662,766	\$28,617,324
Interest Income	111,301	122,495
Other Non-operating Income	738,732	1,081,609
TOTAL INCOME	30,512,799	29,821,428
Expenses		
Cost of Power Purchased	16,114,439	17,109,398
Operations & Maintenance	4,391,798	3,504,356
Member Accounts & Service	1,247,795	1,272,571
Administrative & General	2,405,289	2,349,067
Depreciation & Amortization	2,378,453	2,194,404
Taxes	43,039	42,838
Interest Expense	1,749,463	1,721,232
TOTAL EXPENSES	28,330,276	28,193,866
NET MARGINS	\$ 2,182,523	\$ 1,627,562
Balance Sheet		
	2009	2008
Assets		
Electric Plant (less depreciation)	\$60,089,361	\$57,486,742
Investments	6,831,990	7,657,272
General Fund Cash & Working Capital	613,750	1,960,799
Accounts Receivable	412,424	511,343
Materials & Supplies	564,044	617,092
Payments Made in Advance	72,499	85,836
Other Current & Deferred Assets	2,081,296	2,041,346
TOTAL ASSETS	70,665,364	70,360,430
Equity		
Patronage Capital	28,668,076	27,352,955
Other Equities	1,901,332	1,889,251
TOTAL EQUITIES	30,569,408	29,242,206
Liabilities		
Long-term Debt	31,947,399	33,063,896
Notes Payable	1,194,500	749,000
Accounts Payable	1,635,807	2,706,771
Member Deposits	359,783	372,667
Other Current & Accrued Liabilities	3,481,539	3,407,593
Deferred Credits	1,476,928	818,297
TOTAL LIABILITIES	40,095,956	41,118,224
TOTAL EQUITIES & LIABILITIES	\$70,665,364	\$70,360,430

2009 FINANCIAL REPORT

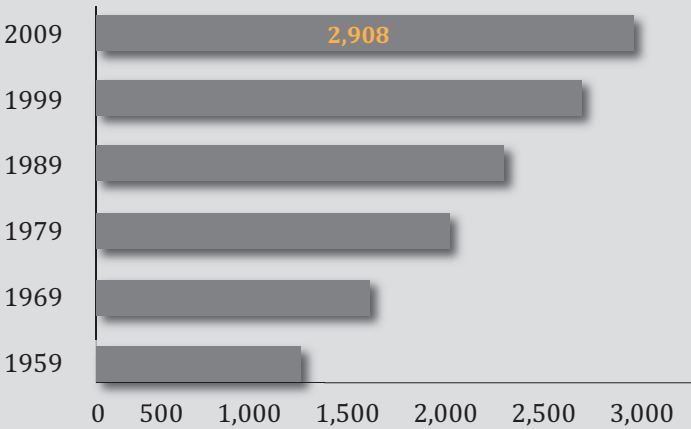
Kilowatt-hours sold (in millions)



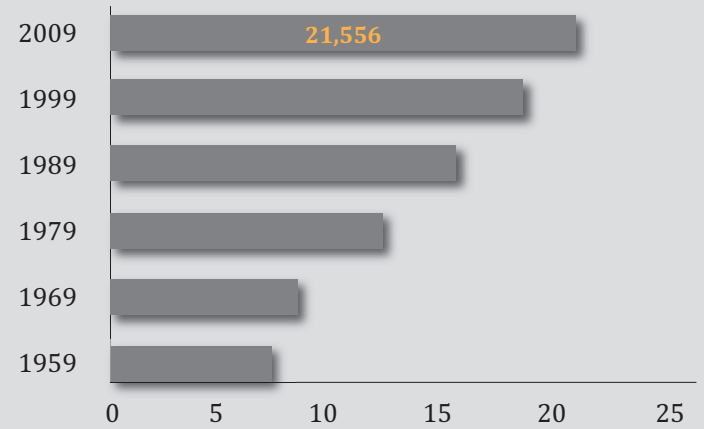
Utility plant (in millions)



Miles of line



Accounts served (in thousands)

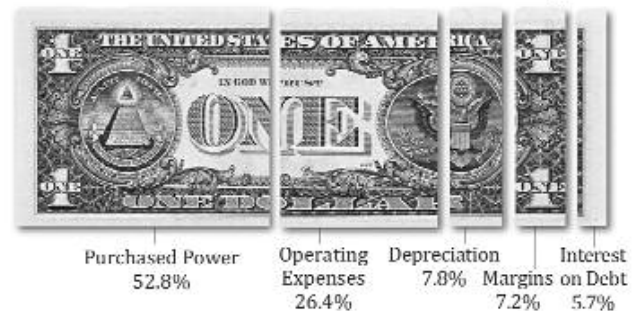


The Co-op Dollar

Where it comes from



Where it goes



THE

Trading Post

Classified Advertising



Co-op members may submit ads via e-mail at valleynewsads@valleyrec.com; by phone at 800/432-0680; by fax at 814/643-1678; or by mail at Valley REC, PO Box 477, Huntingdon, PA 16652-0477. There is no charge for this service. If consumers wish to continue running particular ads, they are required to resubmit the information on a bimonthly basis. The deadline for submission is the 25th day of the month prior to the issue months. Submissions are viewable on the co-op's website at www.valleyrec.com. Items published are printed at the request of our members. The co-op does not endorse, recommend or assume any responsibility for the products or services advertised.

Events

Rabies/Microchip Clinic-June 26 at the Shavers Creek Fire Co. 10-11 a.m. Rabies, \$12/animal. Microchip, \$20/animal. Proceeds benefit the Huntingdon Co. Humane Society. Please have animals in carrier or on lead. Not responsible for accidents.

Horseshoe tournament - Valley Rural Electric Co-op will host a horseshoe tournament June 13 at the Stone Creek Valley Lions Club (5303 Cold Springs Road, Huntingdon). Pre-qualifying for the tournament will run from 10 a.m to noon with registration at 12:30 p.m. Tournament starts at 1 p.m. Doubles play. The cost for participation is \$5 per person. Prizes will be awards to the top three positions. Proceeds benefit the Lions Club. For more information, call Denny Hall at 814/641-7489.

Real Estate

Alexandria - Spacious 8-rm., 2 BA duplex. Completely furnished. Heat/water/sewage included. 2-car garage, small yard, \$875/month. 814/643-2175.

30 wooded acres, 4,000 ft. of creek frontage along Aughwick Creek in

Springfield Township, Huntingdon Co., \$4,250/acre. Great for hunting, possible farmland. If interested, call 814/447-5481 for more information.

Autos/Trucks

1993 Dodge Shadow, 4-cyl. trans. (axle), 21,000 miles, \$400. 717/987-0078.

Car & SUV tires - 2 Kelly Navigator platinum tires, 50% tread, P215/50R17, \$50. 2 Continental Contitrac tires, P235/70R16, 30% tread, \$40. Email marksipes@yahoo.com or call 717/372-7118.

Ford bumpers - Front & rear for 1965-66 Galaxie. Very good condition. You will not find nicer bumpers for this price. \$195 ea. Call 814/239-5808 for details.

Recreational

Boat - Medium- sized. 814/447-3735.

Vacation Rentals

Blue Knob Resort condo - 2 BR, 2 BA, full kitchen w/ pots, plates, utensils, etc. Includes dishwasher, fire-place & sleeper sofa. The resort has hot tubs, sauna, indoor & outdoor pools, bike trails, golfing, tennis courts, etc. Call 814/943-1284 or visit our website at blueknoblodging.com

Upper Room by the Willows - 5758 Old Plank Road, James Creek. Great location, 3 mi. from Lake Raystown & Tatman Boat Launch. Newly renovated former church sleeps up to 6 people. 3 BR plus sofa bed. Completely furnished; all you need to bring is your food. Lots of room for boat parking. No pets or smoking inside. Amenities include air conditioning, fully-equipped kitchen, cable TV, DVD player, washer/dryer, unlimited telephone service, fire ring, bed linens, towels & grill. 814/658-3027.

Livestock/Pets

3-yr.-old Pug, \$250. 717/987-0078.

Experienced heifer grower in Huntingdon Co. has space available. Herds segregated. 814/667-2376.

Miniature donkeys - Good pets & guard animals for sheep. 717/935-5559.

Sheep & lambs. 814/667-2272.

Tools/Equipment

Metal trailer - Can be hauled behind truck. 814/447-3735.

Jet 10" cast iron table saw, \$375. 814/667-3519.

Early 1939-1942 small 9N Ford tractor. Good cond., 3-speed, runs good, 4 new tires. Attachments included: carry-all, snow blade, disk, 2-pt. plow, \$2,800. International backhoe w/ bucket loader. Hydro drive, diesel, 6 cyl. w/ foot pedals. Ran good, \$3,500. 814/667-3668.

65"x77" fiberglass truck cap, \$200. 1-row D. brad 1-row bottom plow, \$75. 8-disc, 39" cultivator, \$75. 36" cultivator, \$60. All new belts & hoses, \$30. 717/987-0078.

Toro garden tractor & mower, 10 yrs. old, 8 speeds, 42" snow blower & chains. Good condition, \$1,300. 814/448-2266.

Miscellaneous

Potted perennials & some trees, \$1.75 & up. 10' round locust posts, \$7-\$9. Kiln-dried pine lumber, 1" & 2". PA House 9-pc. solid cherry dinette set, like new, \$1,500 (\$2,500 new). Maple veneer table w/ 6 chairs & 2 cabinets, \$1,000. Simplicity wood crib; converts to a toddler bed; lights, vibration & musical mobile; drawers in bottom, \$150 (\$300 new). 814/447-3630 or email galleryofwood@innernet.net

Colonial loveseat w/ blue floral pattern & oak trim, like new, \$90. 4-drawer pine desk w/ matching oak chair, \$75. Large oak dresser w/ mirror & matching nightstand, \$80. Five lamps - ceramic or solid brass, \$20 ea. or \$95 for all. Oak Queen Anne coffee table, \$40. Octagonal oak end table, \$25. Oak entertainment center/cabinet, \$75. 814/667-3519.

7' locust poles, \$3 ea. 814/696-0831.

Curio cabinet, \$50 OBO. Pier I glass table w/ antique iron base & 6 chairs, \$100 OBO. ProForm Treadmill, \$200 OBO. Total gym, \$50 OBO. 814/644-9333.

New, never-used swivel rocker recliner, \$200. Banks Woodcrafts. Bird houses, lighted birdhouses, log lights & more. 814/447-3173. Ask for David.

Composting toilet, never used, AC/DC, \$1,000. 275-gal. fuel tank, \$75. Old milk can, \$30. 25' TV antenna tower, 3 pcs., \$50. 717/987-0078.

Men's dark brown real suede leather jacket, sz. 46. Cowboy-style w/ lots of fringes; barely worn & clean, \$279 new, asking \$50. 814/239-2570.

Adjusta-Magic adjustable single bed, fleece-like mattress surface, protective wood-grain trim panels encase all mechanisms, great condition, \$500. Hewlett-Packard Photosmart 7760 printer, \$50 or free to non-profit organization. 814/386-1627.

Topsoil, composted manure & bark mulch for sale. Located in McAlevy's Fort. Delivery available. 814/667-2376.

Gorell white double-vent casement window w/screens, brand new, 46-1/2"x31-3/4"; meets all energy tax credit stipulations, \$150. 717/773-9326. Leave message.

Service

Silk flower arrangements at reasonable prices. Weddings, church, cemetery & seasonal arrangements; corsages, boutineers. Susan Dick. 814/224-2042.

Antique clock repair & restoration. Call Richard Port. 814/643-1582.

Classified Ads

Complete home security systems starting at just \$99 installed. Great for homes, businesses, hunting cabins. Monthly monitoring service as low as \$20/month. Medical alert systems for seniors living at home alone. Call Mon.-Fri. 8 a.m.-5 p.m. Serving all of central PA. 814/946-0814.

Frank's Backhoe Service - Offering digging in tight areas, septic & water line repair. Fully insured. 814/643-3343.

Moore Hair - Where looking good is still affordable. 814/667-2221 for appt.

Kelly Pressure Washing - Residential & commercial. We can make it clean again. 814/533-5146.

Peters Excavating - Serving Hunt. Co. for over 35 yrs. Fully insured. Offering complete site development including clearing, foundations, septic systems, utility line installation, roads, ponds, shale, stone & all types of excavating & grading. Free estimates. 814/667-2240.

Property maintenance. Well known Fulton Co. resident will watch your property or home & do light maintenance work while you are away or at home within a 30-mi. radius of McConnellsburg. Will supply you with several well-known references from my area. Call 717/372-7118 or email mrscooby3112@gmail.com

Bat, bird & squirrel droppings in your attic can be a health hazard. W/ my specialized vacuum, I can safely dispose of the problem. Call Darrin Fillman, wildlife specialist, at 717/436-9391. We also handle bats, skunks, groundhogs, squirrels, birds, snakes, raccoons, flying squirrels, etc. If it's a problem, we can solve it. Licensed & insured.

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Everhart Painting – Interior/exterior painting/staining, power-washing, chinking for log homes. More than 15 yrs. exp., fully insured, free estimates. Call 814/667-4427 or email jeff@everhartpainting.com.

A Spiritual Outlet sells runes, wands, candles, ceremonial items, home decor & handcrafted items. www.aspiritualoutlet.com

Dennis A. Heeter Heating & Air Conditioning - Service & installation of all types of heating & cooling systems including: wood stoves, coal furnaces, oil furnaces, gas furnaces, boilers, heat pumps. Free estimates. 800/492-9332 or 814/669-9332.

Solar energy & wind energy. We sell & install photo-electric solar panels & wind-powered electric turbines. 30% federal tax credits are available for these systems w/ no cap. Call 814/658-2273 anytime for more information.

No ductwork? No problem! I have an ultra-high efficiency central A/C unit that does not use ductwork! Your home will be cool & comfortable all summer long. Visit www.noductwork.com or call 814/658-2273 anytime.

ES Ministries Thrift Shop in the Faith Center at Charter Oak Road & Rt. 305, Mooresville. Hours are Thurs. & Fri. 9 a.m.-6 p.m. & Sat. 9 a.m.-3 p.m. Clothing, linens, dishes, household items, toys & books. We carry items for current holidays. New merchandise added weekly. Everyday 50% off & 50-cent sales. Donations accepted during shop hours.

Book Construction - Excavation, clearing, roads, ponds, septic systems, foundations, prep sites for bldg. Snow plowing & anti-skid. Check our prices. Fully insured, free estimates. 814/448-0186 or 814/599-6262.

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