

2021  
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.**

Clouds float over a cut hayfield on a beautiful June day near Harrisonville, Fulton County.

## *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.

## Survey showed positive response to co-op's first drive-through annual meeting

Like its sister electric distribution cooperatives around the country, Valley REC has had to find a new approach to annual meetings due to COVID-related restrictions. In 2020, at the start of the pandemic, Valley REC canceled its annual meeting. The co-op in 2021 held its annual meeting as a drive-through event at the Huntingdon County fairgrounds, across the road from the co-op's corporate office. The format is being used again for 2022. And if last year is an indicator, members will be largely satisfied with the meet-via-vehicle event.

The 2021 annual meeting saw a nearly two-fold increase in attendance, compared to the traditional meeting at a local high school auditorium. In the weeks following the event, Valley REC sent surveys to the 1,053 memberships which participated. Nearly 750 participants responded, with the vast majority saying they had a positive experience.

While several survey respondents reported that they missed seeing an entertainer or were saddened not to mingle in-person with other members and Valley REC staff, many said that they could attend a drive-through meeting but could not attend the traditional meeting, either because they cannot be seated for the two to three hours of the meeting, cannot drive after dark or have a schedule conflict for the evening meeting. Again this year, the annual meeting is set for 4-7 p.m. with members welcome to drive through the fairgrounds anytime during those three hours. We welcome you and remind you to drive safely.

# 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 2021. Equity was at 51 percent 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 for the purchase of electricity. The co-op spent more than \$17.5 million for power last year, about 51 percent 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 (see story on Page 6). The kilowatt-hour rate was decreased by two cents, a reduction that saved the membership \$500,000.

The coronavirus 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 for 2022. Normally, members in director districts with seats open for election meet 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. Candidate biographies are listed on Page 7 of this report.

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 (see photo on Page 6). 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 on replacement of our Sinking Valley substation, in Tyrone Township, Blair County. Updating our substations increases 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 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 take a moment to review program information on Page 3 or contact the co-op.

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 "Rich Bauer".

# Products, Programs and Services

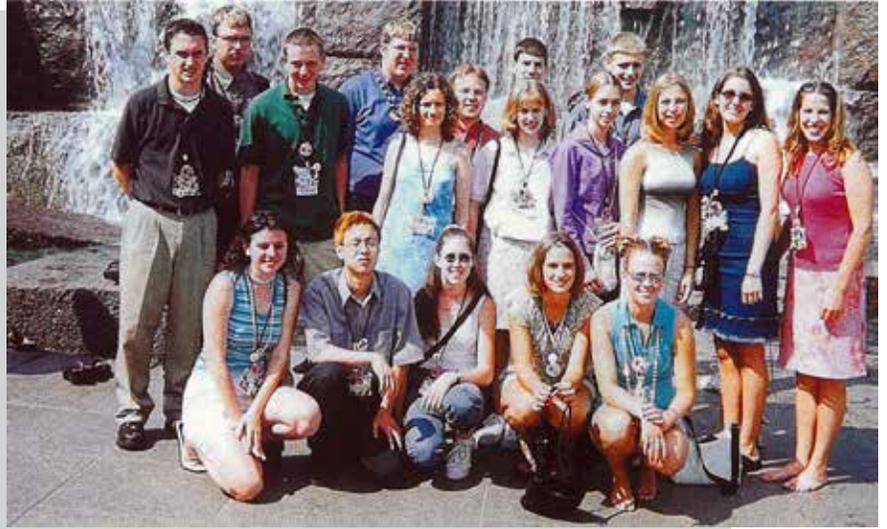
## Co-op announces Youth Tour grant

How fast 20 years go by! Shown here are the high school students Valley Rural Electric sponsored on the 2002 Rural Electric Youth Tour to Washington, D.C.

In normal years, Valley REC sponsors as many as 18 juniors on the National Rural Electric Association trip. Due to the COVID pandemic, Valley has not sent students to the nation's capital since 2019.

To continue to recognize young leaders, Valley announced a grant program for 2022. Interested juniors from member and non-member households throughout the region were invited to apply for a monetary award to be used for future educational expenses.

When Valley resumes sponsorships for the trip, students will have an opportunity to join 1,800 of their peers from across the nation for the fun-filled week. Students learn about the cooperative business model, tour national monuments, meet with members of Congress and visit the National Zoo.



## Co-op continues to improve reliability

A Valley REC crew arrived at the scene of a downed tree along Cold Springs Road near Huntingdon in the aftermath of Hurricane Ida. Crews removed the tree and repaired the line, getting power and traffic flowing again. Hurricane Ida knocked out power to hundreds of Valley REC consumers. About three dozen members experienced outages of more than 20 hours. Restoration efforts were hampered by swollen streams that made some portions of the service territory inaccessible.

Fortunately, the co-op's aggressive right-of-way maintenance program minimizes the frequency of tree-related outages. Trimming work is conducted across the entire co-op territory over a five-year period. Other leading causes of outages are lightning strikes, animals, and motor vehicle accidents.

Valley REC continues to install line-protective devices throughout the distribution system. Circuit reclosers and fuses minimize the number of members impacted by any one outage.

## Smart Hub

Valley REC offers the 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 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 \$350,000 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 initiative is funded through unclaimed capital credits – margins that can't be returned to members and former members due to death or relocation.



# Products, Programs and Services

## Load Management

Pennsylvania and New Jersey electric co-ops launched the Coordinated Load Management System in 1986. This demand response network, whose participants include nearly 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 \$106 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 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. For more information contact our Member Services department.



## 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.

## 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 49 percent. Show the card and save the next time you're shopping. For a full list of participating businesses, go online and visit [valleyrec.com](http://valleyrec.com).



Valley Rural Electric Cooperative's suite of energy services can help you save energy and make your home more comfortable.

- Electrical services
- Water heaters
- Generators
- Transfer switches

*We specialize in small jobs in a hurry and offer prompt and free quotes.*



**Call us today! (800) 432-0680**

# 2021 Financial Report

<b>Statement of Operations</b>		<b>2021</b>	<b>2020</b>
<b>Income</b>			
Operating Revenue		36,671,229	37,060,281
Interest Income		49,350	51,915
Other Non-operating Income		2,994,595	1,438,316
<b>TOTAL INCOME</b>		<b>39,715,173</b>	<b>38,550,512</b>
<b>Expenses</b>			
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
<b>TOTAL EXPENSES</b>		<b>34,101,817</b>	<b>34,006,691</b>
<b>NET MARGINS</b>		<b>5,613,356</b>	<b>4,543,821</b>
<b>Balance Sheet</b>		<b>2021</b>	<b>2020</b>
<b>Assets</b>			
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
<b>TOTAL ASSETS</b>		<b>99,255,907</b>	<b>93,863,837</b>
<b>Equities</b>			
Patronage Capital and Margins		30,772,439	30,517,550
Other Equities		18,378,554	15,189,242
<b>TOTAL EQUITIES</b>		<b>49,150,993</b>	<b>45,706,792</b>
<b>Liabilities</b>			
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
<b>TOTAL LIABILITIES</b>		<b>50,104,914</b>	<b>48,157,045</b>
<b>TOTAL EQUITIES &amp; LIABILITIES</b>		<b>99,255,907</b>	<b>93,863,837</b>

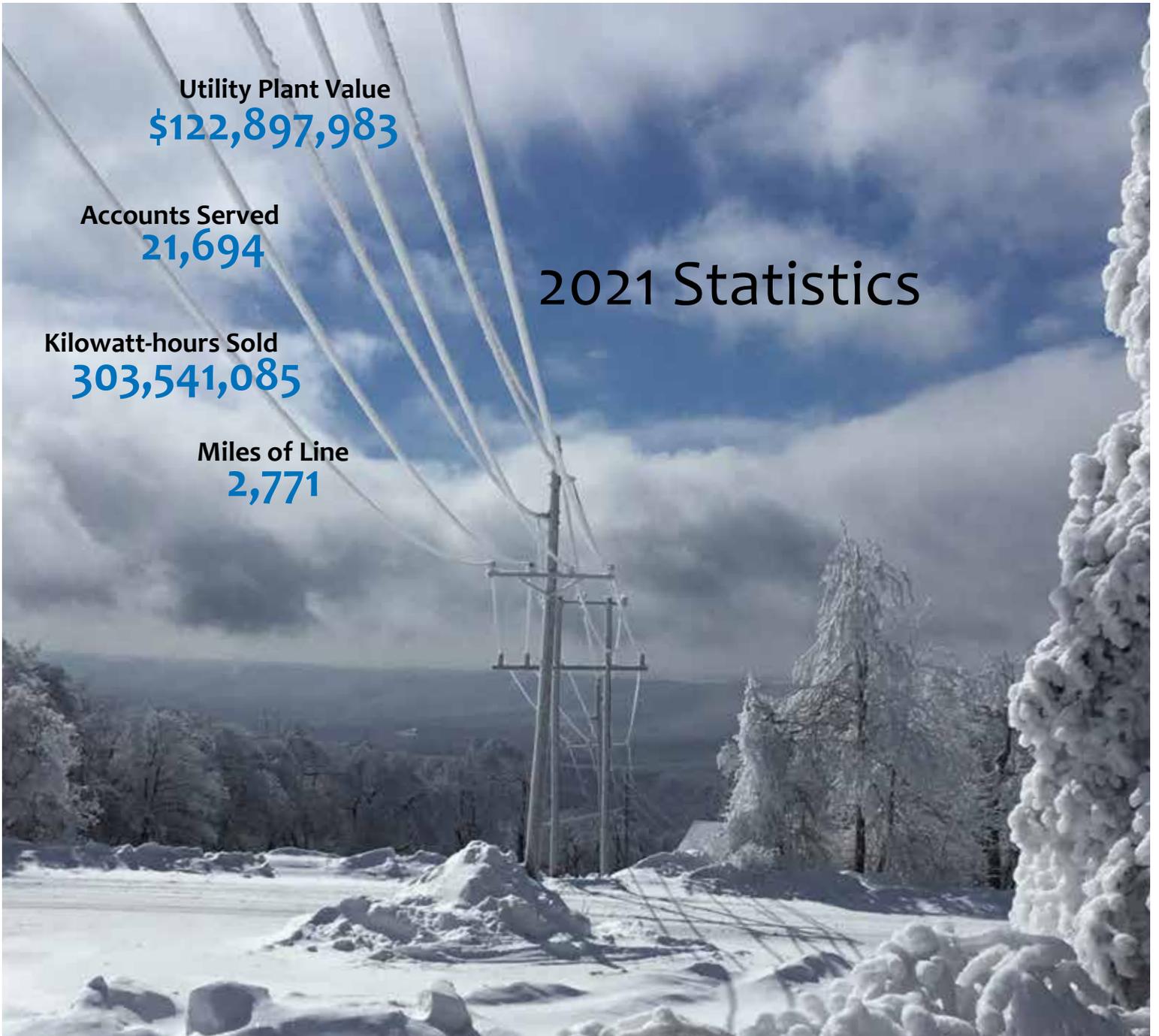
Utility Plant Value  
**\$122,897,983**

Accounts Served  
**21,694**

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

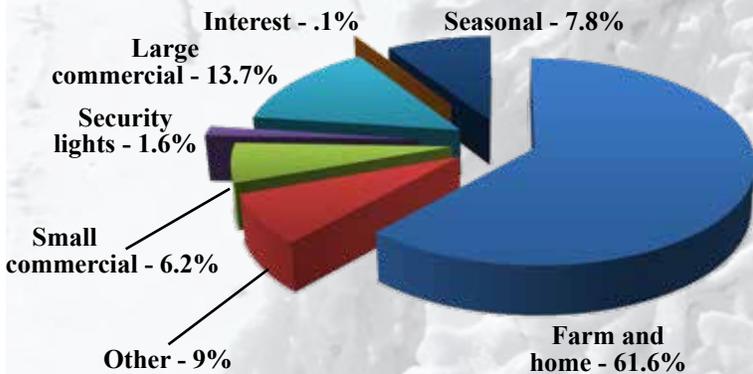
Miles of Line  
**2,771**

# 2021 Statistics

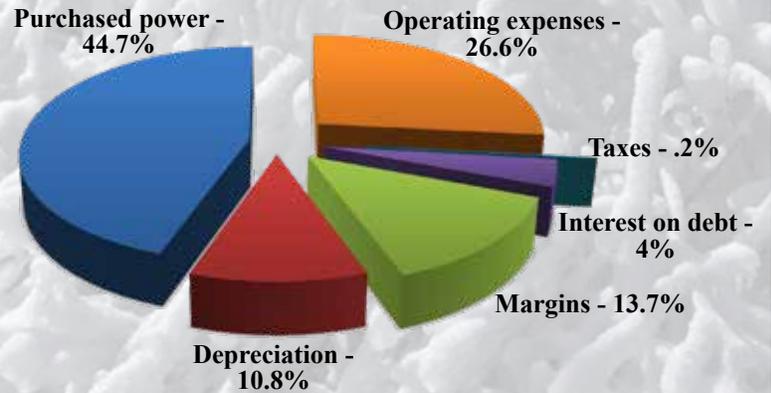


## The Co-op Dollar

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)



**Valley Rural Electric Cooperative has been upgrading substations on its system. The co-op energized a new Atkinson Mills substation in November 2021. The new facility replaced a wooden structure substation constructed in the 1950s. This year the co-op is replacing the aging Sinking Valley substation, in Tyrone Township, Blair County. The new substations boost system reliability and provide greater ability to backfeed other portions of the system during an outage event.**

## Valley REC board decreased kilowatt-hour rate for electricity members used in December 2021

Valley REC members received some good news in January when they got their final bills of 2021. The co-op's board voted in late December to cut by two cents the kilowatt-hour rate charged to members for energy used during the month of December. The move marked the third year in a row the co-op has implemented a rate reduction for one month of energy sales at the end of the year.

The rate reduction for the month of December 2021 saved the membership approximately \$500,000. As in the past two years, the purchased power adjustment was possible due to several factors.

"Our wholesale power costs from Allegheny Electric were lower than anticipated," said Valley REC President & CEO Rich Bauer. "Also, this past year, we did not have many serious storms, which kept our outage restoration costs fairly low."

The bill Valley members received in January 2021 reflected a three-cent cut in the kilowatt-hour rate for electricity used in December 2020. That adjustment saved the co-op's membership about \$800,000.

Two years ago, Valley REC's board approved a purchased power adjustment for the energy consumers used in November 2019. That purchased power adjustment cut the kilowatt-hour rate by five cents and amounted to nearly \$1 million.

As a not-for-profit utility, Valley REC returns margins to member-owners. Members' December billing (for energy used in November 2021) included the annual capital credit return. Valley returned \$2.7 million in patronage capital in 2021, the co-op's highest amount ever.

Valley REC's kilowatt-hour rate is 9.95 cents. A kilowatt-hour is enough energy to power a 100-watt lightbulb for 10 hours.

A typical household uses about 1,000 kwh per month.

Valley REC members have helped contain costs by lessening their electric use during peak demand periods, when the co-op pays the most for wholesale power. Valley members who participate in the co-op's demand response program allow the co-op to temporarily shut off power to water heaters during periods of peak use, decreasing wholesale costs. Participants should not be inconvenienced, since water heaters are well-insulated and can be shut off for several hours with minimal heat loss. Program participants receive a \$100 bill credit.

Additionally, shifting summertime use of large appliances – like ovens or swimming pool pumps – to early mornings and evenings lessens overall demand when electricity is the most expensive.

# 2022 Board Candidates

## DISTRICT 7

**Gregory M. Henry**  
599 Plum Hollow Road  
Hustontown, PA 17229

Greg Henry worked for Valley REC for 39 years. He joined Valley as a laborer in February 1969 and retired in February 2008 as Valley's manager of operations. He also worked as a lineman, a crew chief and manager of what was then the Hustontown-Shade Gap district.



Greg is a 1965 graduate of Forbes Road High School. He served in the U.S. Army from 1966 to 1968, in the USARAL Support Command, Alaska. While stationed there, he had the opportunity to attend the USARAL noncommissioned officer academy, where he was an honor graduate. While working for Valley REC, he completed the management internship program.

A native of Fort Littleton, Greg is president of the Forbes Road Lions Club. He is a member of Clear Ridge United Methodist Church. He serves as church treasurer, is a member of the pastor-parish relationship committee and is a delegate for this year's annual conference. Additionally, Greg is a trustee for the Clear Ridge Cemetery Association and serves as treasurer for the Clear Ridge Community Association. He is a member of the Fulton County chapter of Gideons International.

Greg and his late wife, Erma, have three children, eight grandchildren and four great-grandchildren. Greg enjoys hunting, bicycling and spending time with the grandkids. He is also an avid reader. Greg has been a Valley member since 1972 and has served on Valley's board of directors since 2013. Greg has received the Credentialed Cooperative Director Certificate, Board Leadership Certificate and Director Gold Credential, the highest level for directors.

## DISTRICT 8

**Linda J. McMath**  
12007 Sawmill Road  
Shade Gap, PA 17255

Currently Linda McMath serves as tipstaff for the Huntingdon County Court of Common Pleas. She had also served a four-year term as jury commissioner, an elected position formerly utilized by county government.

Linda retired in 2004 as a reading specialist at Shade Gap Elementary School in the Southern Huntingdon County School District. She worked in education for 19 years, including 1-1/2 years in the Mifflin County School District. For 12 years she operated McMath School of Gymnastics in Shade Gap and was a Level 7 rated gymnastic judge. Linda and her husband, Tom, own and operate Avalon of Shade Mountain, a guest house and event facility in Blairs Mills, Huntingdon County which they spent 14 years restoring. They also operated a family farm in Taylor Township, Fulton County, for 25 years, raising beef, crops and Christmas trees.

For the past 12 years, Linda has served on the Huntingdon County Children's Services Advisory Board. She has served nine years as a youth counselor at Tuscarora Catholic Summer Camp.

Linda is a 1965 graduate of Southern Huntingdon County High School and received her bachelor's degree in health and physical education from Slippery Rock University in 1970. She holds a master's degree in education (as a reading specialist) from Shippensburg University.

Linda and Tom have been married since 1969. They have four children and seven grandchildren. The McMaths attend St. Mary's Catholic Church, Shade Gap, where Linda has served as secretary of the pastoral council for 15 years. She enjoys organic gardening, upholstery, sewing, horseback riding, refinishing furniture, refurbishing old houses and teaching her grandchildren how to sew.

Linda has been a Valley member



since 1973. She has served three terms on the co-op board of directors. Linda has received the Credentialed Cooperative Director Certificate, Board Leadership Certificate and Director Gold Credential, the highest level for directors.

## DISTRICT 9

**Cindy D. Bigelow**  
2548 William Penn Hwy  
Williamsburg, PA 16693

Williamsburg native Cindy Bigelow owns a 180-acre dairy farm. She retired in 2015 from Penn England Farms in Williamsburg. Her prior work experience includes six years with Leidy's Greenhouse in Williamsburg and 2 1/2 years as a baker with Brumbaugh's Old Fashioned Delites, also in Williamsburg.

A 1972 graduate of Central High School in Martinsburg, Cindy is a member of several cooperatives, such as Land O' Lakes and the Pennsylvania Farm Bureau. She serves on the Farmland Preservation Committee of Blair County and is involved with the Williamsburg Community Farm Show. For the past nine years she has served on the Huntingdon/Blair County Farm Service Agency Committee and is now an FSA advisor.

Cindy has served one year on the Blair County Conservation District board. Additionally, She has served on the Blair County Dairy Promotion Committee.

Cindy has been a member of Fairview Church of the Brethren in Williamsburg for 52 years, where she has served as a deacon and a member of the church board. Her hobbies include making crafts, baking and collecting milk bottles.

Cindy and her late husband, Richard, were married 20 years. She has three children and six grandchildren. Cindy has been a Valley member since 1980. She has served six terms on the co-op board of directors. She currently serves as board secretary. Cindy has received



the Credentialed Cooperative Director Certificate, Board Leadership Certificate and Director Gold Credential, the highest level for directors. Cindy's name will appear on the ballot for District 9.

## DISTRICT 9

**Robin J. Forshey**  
2492 William Penn Highway  
Williamsburg, PA 16693

Robin Forshey is a native of Gannister, near Williamsburg in Blair County, and is a 1976 graduate of Williamsburg High School. She lived near Huntingdon for 20 years before returning to the Williamsburg area.

Since 1988, Robin has worked for Williamsburg Family Practice, part of the UPMC Altoona/AFP Residency Program that trains physicians during a three-year residency. Robin works in the front office as a secretary, receptionist and billing clerk and teaches practice management to the residency program physicians. She specializes in medical billing and coding.

Robin worked for Altoona Hospital for two years right after high school, completing on-the-job training in medical secretary duties before leaving work to start a family. For 15 years she helped run her husband Larry's business, Forshey's Landscaping and Nursery near McConnellstown, Huntingdon County. She handled billing and sales for the business and cared for nursery plants.

Together, Robin and Larry have five grown children and nine grandchildren. Robin looks forward to spending more time with the grandkids after retiring in April 2022.

Robin enjoys attending Dry Run Independent Baptist Church in Duncansville with her daughter. She also enjoys sewing, baking and canning. She and Larry have had service from Valley Rural Electric for 20 years while living in the Huntingdon and Williamsburg areas. Robin's name will appear on the ballot for District 9.



# Valley REC Directors & Employees

## 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  
Doug Roles  
Jessica Rosman  
Todd Ross  
Melissa Shetrom

## 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

## Shade Gap District

Logan Booher  
Wilmer Bucher Jr.  
Brandon Clemens  
Josh Gutshall  
Ashlee Hicks  
Patrick Lightner  
Tricia Long  
Tyi McCartney  
Riley Price  
Jonathan Shields  
Curtis Starr  
Jason Wilson

James Stauffer  
Chairman  
Allegheny Director

Leroy Barnes  
Vice Chairman  
PREA Director

Cindy Bigelow  
Secretary

Robert Holmes  
Treasurer

Kevin States

Joanne Whitsel

Randall Huntsman

Linda McMath

Greg Henry

Rich Bauer  
President & CEO

## Martinsburg District

Mike Lansberry  
Bill Bogel  
Greg Dilling  
Ryan Dodson  
Trevor Eichelberger  
Matthew Fagan  
Jason Hey  
Kathy Luprek  
Rob Shook  
Brooke Stonerook  
Zach Yohn



## The Seven Cooperative Principles

**Democratic member control**

**Member economic participation**

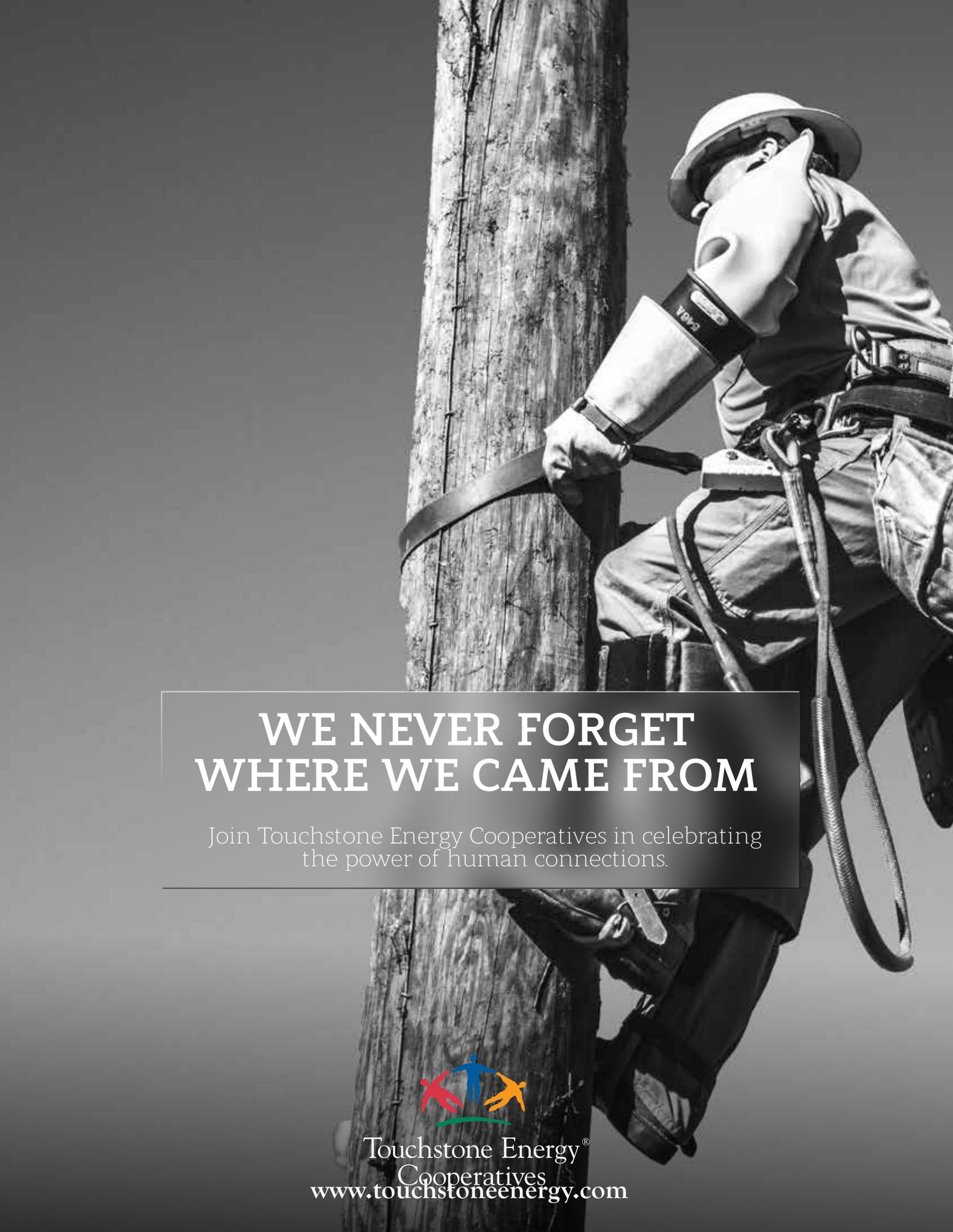
**Concern for community**

**Autonomy and independence**

**Continuing education**

**Voluntary and open membership**

**Cooperation among cooperatives**



# WE NEVER FORGET WHERE WE CAME FROM

Join Touchstone Energy Cooperatives in celebrating  
the power of human connections.



Touchstone Energy<sup>®</sup>  
Cooperatives  
[www.touchstoneenergy.com](http://www.touchstoneenergy.com)



# Valley Rural Electric Cooperative, Inc.

® Your Touchstone Energy® Cooperative 

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Toll-free 800/432-0680  
Fax 814/643-1678

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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)