



Valley Rural Electric Cooperative, Inc.

® Your Touchstone Energy® Cooperative



2023

ANNUAL REPORT



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.

Incorporated Nov. 1, 1938

Executive Report

We're pleased to update you on the health and operations of your member-owned electric distribution business, Valley Rural Electric Cooperative. We hope you find the pages of this annual report informative and see that your cooperative remains ready to meet the energy needs of our consumers. As it has for 85 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.

Your cooperative is on solid financial footing and experienced another good year in 2023. Equity was at 51 percent of assets at the end of 2023, which is in line with our equity management plan. We returned nearly \$2.3 million in patronage capital to eligible members and former members in December 2023, which follows the December 2022 return of \$2.7 million, our largest ever. Over the years, we have returned nearly \$39 million in patronage capital.

As usual, the co-op's largest outlay in 2023 was to Allegheny Electric Cooperative for the purchase of electricity. The co-op spent more than \$22.3 million for power last year, about 51 percent of the 2023 budget. Due to the extremely high cost of natural gas and rising costs of industry materials, the board of directors approved in late 2022 an increase in the co-op's kilowatt-hour rate and basic monthly charge. The increase of 1.5 cents per kilowatt-hour, to 11.45 cents, was effective with January 2023 bills. Additionally, the basic monthly charge for all classes was increased by \$2 per month. These rates were unchanged going into 2024 and the board is hopeful these rates will remain unchanged going into 2025. Even with the adjustment, rates for Valley REC residential accounts are more than 30 percent lower than those of neighboring private power companies.

Valley REC and its 12 sister cooperatives in Pennsylvania, and one in New Jersey, are in the fortunate position of owning approximately 65 percent of our energy supply. The remaining 35 percent must be purchased on the open market where prices are much more volatile. We continue to ask our members to lend a hand in stabilizing future wholesale power costs 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 the load management information on the next page or contact the co-op.

Valley REC continues to focus on improving system reliability and power quality. This year we are replacing the 1950s-era Three Springs substation, in Cromwell Township, Huntingdon County, with a new substation at the same location. This project is the fourth substation upgrade on our system since 2020.

In 2023, Valley REC energized its new Sinking Valley substation in a new location about one-half mile from the former Blair County site. The co-op energized a new Atkinson Mills substation in Mifflin County in November 2021 on the site of the former facility and built the new Path Valley substation in Peters Township, Franklin County in 2020. Work to upgrade aging substations boosts system reliability and provides greater ability for back feeding portions of the system during an outage.

We are also continuing sectionalizing work on our power lines. Installing additional automated switching devices helps us limit the number of members impacted by any one outage event.

Additionally, we are continuing our aggressive approach to vegetation management. In 2023, we trimmed nearly 420 miles of rights-of-way. Our approach ensures our rights-of-way are trimmed entirely in a five-year time span to lessen the likelihood of tree-related outages.

Following the co-op principles of Continuing Education and Concern for Community, we continue to offer safety and energy efficiency presentations to schools and civic groups. We invite you to contact the co-op for more information.

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. On behalf of the employees and board of directors of Valley Rural Electric Cooperative, thank you.



JAMES R. STAUFFER
Chairman of the Board



RICHARD S. BAUER
President & CEO

*Front cover photo:
There are many back roads in
Valley REC territory. These
co-op lines near Fannettsburg,
Franklin County, run along
Back Road in Metal Township.*

Products, Programs and Services

Load Management

Co-op members who participate in the demand response program help lessen the impact of volatile wholesale market pricing. More than 5,500 Valley REC members are already on this program in which a remotely operable switch is installed on the electric supply line of your storage tank water heater. Temporarily shutting off water heaters during periods of peak demand helps lessen future generation costs to the co-op.



Participants receive a \$100 bill credit and are also eligible for rebates on the purchase of new water heaters.

If you're already participating, we'd like to say thank you for doing your part over the years. If you're not on the program, please consider joining. Control periods should not inconvenience you, and you'll be helping to keep our costs in check as much as possible.

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.



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, go online and visit 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.

High school juniors

Additionally, Valley REC's board of directors recognizes scholarly and community-minded young leaders, by inviting high school juniors to apply for a scholarship. Valley Rural Electric Scholarship for High School Juniors awards go directly to students and can be used toward future education-related expenses.

Visit the Scholarships page at www.valleyrec.com for more information.

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.



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 Bill - SmartHub" tab on the website. Members may also pay by phone (using a credit/debit card or check) and at co-op offices.



2023 Financial Report

Statement of operations	2023	2022
Income		
Operating Revenue	41,080,924	37,456,046
Interest Income	51,863	50,125
Other Non-operating Income	2,461,794	546,982
TOTAL INCOME	43,594,581	38,053,153
Expenses		
Cost of Power Purchased	22,373,112	18,293,001
Operations & Maintenance	6,611,582	6,224,294
Member Acct. & Service	1,348,086	1,281,966
Administrative & General	4,276,340	4,012,080
Depreciation & Amortization	4,453,114	4,314,835
Taxes	67,646	64,617
Interest Expense	1,625,084	1,570,045
Other Deductions	104,043	105,090
TOTAL EXPENSES	40,859,008	35,865,928
NET MARGINS	2,735,573	2,187,225
Balance Sheet		
	2023	2022
Assets		
Electric plant (less depreciation)	79,059,699	77,973,266
Investments	16,557,679	15,809,426
General Fund Cash & Working Capital	754,266	1,583,485
Accounts Receivable	3,933,279	3,552,513
Materials & Supplies	807,870	766,573
Payments made in advance	35,687	29,654
Other current & deferred assets	2,171,882	2,413,313
TOTAL ASSETS	103,320,362	102,128,229
Equities		
Patronage Capital and Margins	27,012,018	28,997,389
Other equities	26,767,090	22,664,265
TOTAL EQUITIES	53,779,108	51,661,654
Liabilities		
Long-term Debt	35,872,319	38,817,200
Notes Payable	2,300,000	0
Accounts Payable	2,195,960	2,140,265
Member Deposit	512,415	505,810
Other Current & Accrued Liabilities	5,095,477	4,914,032
Deferred credits and Regulatory Liabilities	3,565,084	4,089,267
TOTAL LIABILITIES	49,541,254	50,466,575
TOTAL EQUITIES & LIABILITIES	103,320,362	102,128,229

2023 Statistics

Accounts Served
22,598

Miles of Line
2,781

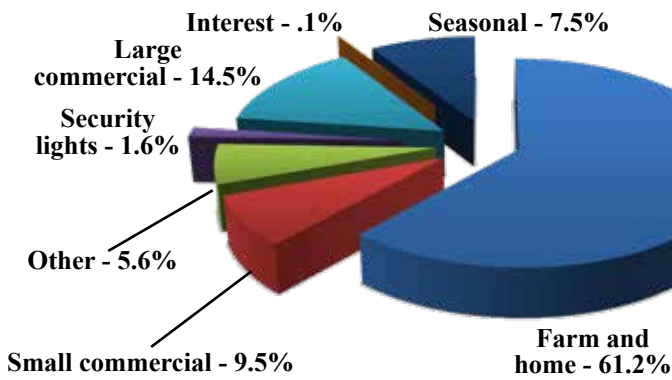
Utility Plant Value
\$130,543,960

Kilowatt-hours Sold
278,089,634

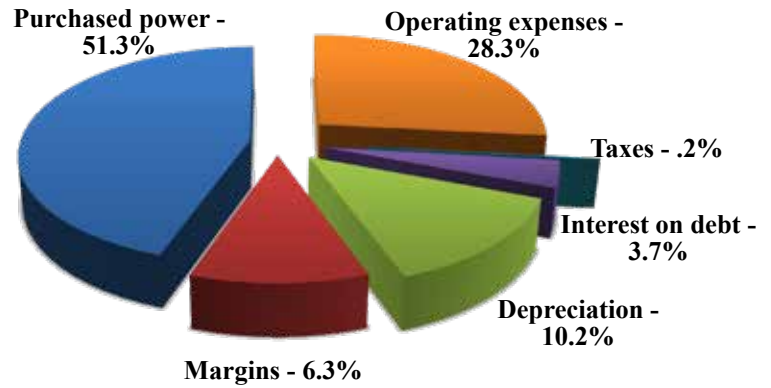
U.S. flags line Blacklog Road in Juniata County.

The Co-op Dollar

Where It Comes From



Where It Goes



VALLEY RURAL ENERGY SERVICES

Offered by Valley Rural Electric Cooperative, Inc.

- Electrical services
- Ductless mini splits
- Transfer switches
- Water heaters
- Generators

Ductless heating and cooling. Airtemp mini-splits are perfect for any home!

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

GENERAC

AUTOMATIC STANDBY GENERATORS

2024 Board Candidates

DISTRICT 2

James Stauffer
175 Aultz Lane
McVeytown, PA 17051



A 1978 graduate of Kishacoquillas High School, Jim Stauffer owns and operates a 60-acre dairy farm with a herd of 150 milking cows and 90 replacement heifers. He farms a total of 170 acres and ships his milk through Dairy Farms of America Cooperative.

Jim was employed for 10 years as manager of Brookland Mills, a retail livestock feed and fuel oil delivery service in McVeytown. Prior to that time, he worked as a truck driver for a fertilizer plant in the Belleville area.

Jim and his wife, Carol, attend Calvary Bible Church.

Jim and Carol have three grown married children, twins Ben and Brittney and their younger sibling, Josh, and six grandchildren. The Stauffers have been married for 43 years.

A native of Belleville, Jim has been a member of Valley REC since 1993 and has served on the co-op board of directors since 1997. He held the office of vice chairman for two years and currently serves as chairman of the board. He also represents Valley REC on the Allegheny Electric Cooperative, Inc. Board of Directors and was recently elected that board's chairman.

DSITRICT 4

Joanne Whitsel
7295 Windy Summit Lane
Mapleton Depot, PA 17052



Joanne has been a Valley REC member since 1971. She retired from serving as director of the Crossroads Pregnancy Center, a faith-based and life-affirming service with offices in Huntingdon, Mifflin and Juniata counties. She recently retired from an antique consignment business she had successfully operated for eight and a half years at the Antique Depot in Duncansville, Blair County.

Joanne also served as jury commissioner for the Huntingdon County Court of Common Pleas for 14 years. For the past 10 years, she has served the court as tipstaff. Joanne graduated from Captain Jack (now Mount Union Area) High School and then completed a cosmetology program at Penn State Beauty Academy, State College. She worked as a self-employed hairdresser for 20 years.

A native of Wayne Township, Mifflin County, Joanne likes to stay active and, when time permits, enjoys painting and drawing. She is a member of Cornelius Chapel

Methodist Church and also attends Beech Run Brethren Church, both in Hares Valley. Joanne enjoys spending time with her extended family. She and her late husband, Nelson, have three grown children, Jonelle, Nathan and Jonathan.

Since joining the board of directors in 2015, Joanne has earned the National Rural Electric Cooperative Association's Credentialed Cooperative Director certificate, the Board Leadership certificate, and the Director Gold credential, the highest honor for any director. She has maintained this certification by continuing to participate in educational opportunities presented by National Rural Electric Cooperative Association.

DISTRICT 4

James R. Palmer
17125 Beavertown Road
Todd, PA 16685

James Palmer has served as principal of Youth Forestry Camp #3 in Trough Creek State Park, James Creek, for the past four years. He was a vocational instructor at the facility, operated by Tuscarora Intermediate Unit 11, for many of his 18 years of service there.



James graduated from Riverside High School in Ellwood City, Pa. He then attended Penn State University where he earned bachelor's degrees in horticulture and agriculture education. After college, he spent 14 years as an ag science teacher at Huntingdon Area High School.

James has been a Lions Club member for 34 years. He is currently treasurer of the Trough Creek Valley Lions Club. He has served as president and vice president and has held other club offices.

James and his wife, Lora, attend Harmony Church of God in Calvin, where she plays piano and he is leader of the worship team. They also attend Crossview Missional Church, in the former Trough Creek Elementary School building, where their children are involved in various activities.

James and Lora have six biological children and have served as a foster family for 15 years. They've fostered 20 children, eight of whom they adopted. Three of those children live with the Palmers and attend the Southern Huntingdon County School District.

The Palmers ride and raise horses on their 60-acre property. They enjoy family time and boating on the lake, and they are classic and antique car enthusiasts.

James has been a Valley REC member since 1991.

DISTRICT 6

Leroy Barnes
445 Sarah Drive
Portage, PA 15946



Leroy Barnes has successfully operated a family farm in partnership with his brother, Barry, since 1968. Previously, they milked more than 200 Holsteins, but they transitioned to a beef operation and now manage a herd of about 200 animals. They also raise corn and beans on approximately 700 acres of ground.

A 1966 graduate of Claysburg-Kimmel High School, Leroy holds an associate degree in computer management from the ICM School of Business in Pittsburgh.

Leroy is a member of the Mount Hope United Church of Christ in Blue Knob. He is a former member of the Blue Knob Fire Company and served three years as a director for Long's Dairy, a milk marketing cooperative in Tyrone. He formerly served as a director on the Allied Milk Producers board.

In his free time, Leroy enjoys hunting.

Leroy has three grown children and six grandchildren. A native of Blue Knob, Leroy has been a member of Valley REC for more than 36 years. He has served on the co-op board for 24 years, including as vice chairman, and is currently the co-op's representative on the Pennsylvania Rural Electric Association board.

DISTRICT 6

Dennis Strayer
163 Cream Hollow Road
East Freedom, PA 16637



Dennis Strayer has owned and operated Strayer Excavating in East Freedom for 27 years. The business provides all the necessary site work for new home construction, including digging basements and installing driveways, and also provides excavation services related to septic system repair.

Prior to starting his own business, Dennis worked locally in construction. He is a 1990 graduate of Claysburg-Kimmel High School. He has been a member of Valley Rural Electric Cooperative since 2014.

Dennis has two children, ages 16 and 20, with his late wife, Amy, who passed away in 2011. He is engaged to Bobbijo Markovich and will be stepfather to two more children, ages 14 and 21.

In his free time, Dennis enjoys hunting, riding motorcycles and spending time with family.

Valley REC Employees

Corporate

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

Martinsburg District

Cody Acord
 Logan Bisbing
 Bill Bogel
 Dane Diehl
 Greg Dilling
 Ryan Dodson
 Jason Hey
 Mike Lansberry
 Kathy Luprek
 Bruce Perow
 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 Jefferis
 Chris Myers
 Gina Norris
 Richard Sunderland
 Brook Thompson
 James Vaughn
 Owen Winter
 Eric Yingling



Shade Gap District

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

Directors

James Stauffer
 Chairman
 Allegheny Director

Kevin States
 Joanne Whitsel

Leroy Barnes
 Vice Chairman
 PREA Director

Kenneth Soder
 Linda McMath

Cindy Bigelow
 Secretary

Greg Henry

Randall Huntsman
 Treasurer

Rich Bauer
 President & CEO



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



Valley Rural Electric Cooperative, Inc.

® Your Touchstone Energy® Cooperative 

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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

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.

Learn more about your member-owned co-op
www.valleyrec.com