

Valley Rural Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 



One of 14 electric cooperatives serving Pennsylvania and New Jersey

VALLEY RURAL ELECTRIC COOPERATIVE, INC.

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1-800-432-0680
www.valleyrec.com

BOARD OF DIRECTORS

James Stauffer
Chairman
Allegheny Director

Leroy Barnes
Vice Chairman
PREA Director

Cindy Bigelow
Secretary

Randall Huntsman
Treasurer

Gregory Henry
Linda McMath
Kenneth Soder
Kevin States
Joanne Whitsel

Corporate Office Hours
Monday - Thursday
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

Changes for 2023



IF YOU HAD THE OPPORTUNITY to read December's *Penn Lines*, hopefully you noticed the cooperative will be implementing a rate increase for 2023, starting with your January bill. This decision was not an easy one, knowing that the cost of everything else in our day-to-day lives has increased. The cooperative has worked very hard over the last few years to find ways to absorb the rising costs of fuel, materials and maintenance on our system, but the increases finally overtook the income.

Valley Rural Electric Cooperative has not had a kilowatt-hour (kWh) rate increase since 2013, but a projected 27% increase on our 2023 power costs from our supplier is something we cannot absorb. We are one of 14 owners of Allegheny Electric Cooperative, Inc. (Allegheny), which generates, buys and manages our electricity supply across the state. As part of Allegheny, we own more than 65% of our electric generation needs, but we must go on the market to purchase the other 35%. The extremely high cost of natural gas and other materials to produce electricity have hit all-time highs, and this is reflected in the costs we are seeing on the market. On top of the higher cost for electricity, our transmission supplier, the company that gets the power to our substations, has changed its agreement to significantly increase the portion of our bill associated with electricity demand. The demand portion of our bill is more than half our cost, but we have been working diligently to install demand-response units on your water heaters to help keep that cost under control as much as possible.

We also performed a study to look at the minimum amount of increase we would need to offset the 27% increase in our power costs. To make sure each class of member wasn't subsidizing another class of member, the basic service charge for all classes will increase by \$2. For residential members, who make up the majority of our consumers, the basic service charge will go from \$28 to \$30. The all-in energy charge will rise from 9.95 cents to 11.45 cents, an increase of 1.5 cents/kWh.

So what does this mean for you, our members? Currently, our average residential member uses 890 kWh/month, so their bill will go from \$116.56 to \$131.91, which equates to roughly a 13% increase on your total bill. Medium and large commercial members will also see a 1.5 cent/kWh increase along with a 15% to 19% increase to the demand charge. Again, this increase is only necessary to cover the cost of our wholesale power increase.

We have compared our residential rates to those of our neighboring utilities and, because we own more than 65% of our own generation needs, our costs will still be more than 32% lower than theirs using the same amount of kWhs.

There is never a good time to announce a rate increase, but with all that is going on in the world today, we will continue to monitor it and work hard to keep our rates as affordable as possible while still providing the same safe and reliable service as always.

If you have additional questions or comments, please feel free to contact me or one of our employees at any time. Thank you for being a part of one of the best companies in the world, an electric cooperative. Take care and God bless. 🙏

RICH BAUER
PRESIDENT & CEO

As Wholesale Power Costs Rise, Co-op Enacts Penny-and-a-Half Rate Increase

Due to rising costs from our wholesale power supplier, Valley Rural Electric Cooperative (REC) must adjust the amount charged for the generation and transmission portion of your bill. The rate will go up by \$0.015 per kilowatt-hour (kWh), effective Jan. 1, 2023. The new total price per kilowatt-hour for residential accounts is 11.45 cents per kWh, up from the previous rate of 9.95 cents.

To put the new rate in perspective, a household that uses 1,000 kWh per month would see an increase of \$17. Nationally, average residential electric consumption is about 893 kWh per month.

As a not-for-profit distribution cooperative, Valley REC's goal is to supply safe, reliable and affordable power to our members. This rate change marks the co-op's first kilowatt-hour rate increase since 2013. In fact, for the past three years the co-op was able to decrease its kilowatt-hour rate by as much as 50% for the final month of the year because wholesale power costs were less than anticipated.

Unfortunately, the price of the portion of wholesale power we purchase on the open market (see graphic below) has continued to rise, making a kilowatt-hour rate increase unavoidable.

If you have questions or concerns, please contact us at 1-800-432-0680. Our offices are open Monday through Thursday, 7 a.m. to 5:30 p.m. 📞

CO-OP MEMBERS CAN HELP STABILIZE WHOLESALE POWER COSTS

Co-op members can help lessen the impact of volatile wholesale market pricing by participating in the Demand Response Program. More than 5,500 Valley REC members already participate in this program in which a remotely operable switch is installed on the electric supply line of a 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 one of the members already participating, we'd like to say thank you for doing your part over the years to help stabilize rates. If you're not enrolled in 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.

FACING A HARDSHIP? HELP IS AVAILABLE

Valley REC cares about our members, and we understand that health challenges, job losses and other emergencies can create situations where consumers have difficulty paying utility bills. We offer energy assistance grants through two programs, Members Helping Members and our Community Service Grant Program. For more information, call the co-op, or go to valleyrec.com and click on the "Programs & Services" tab.

Your Energy Rates/Charges

Fee	Old rate	New rate
Energy cost	\$0.0995/kWh	\$0.1145/kWh
Basic monthly charge	\$28.00/month	\$30.00/month

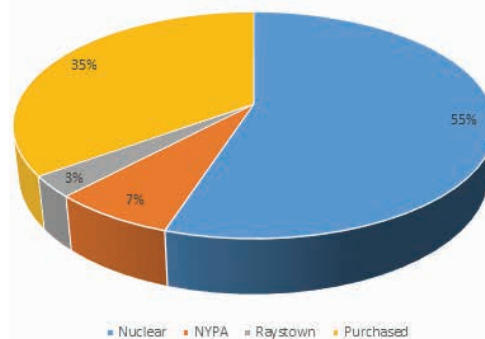
Impact on Your Bill

Energy use	Old rate	New rate	Change
500 kWh	\$77.75	\$87.25	\$9.50
750 kWh	\$102.63	\$115.88	\$13.25
1,000 kWh	\$127.50	\$144.50	\$17.00
2,000 kWh	\$227.00	\$259.00	\$32.00

Average monthly household use is 893 kWh (U.S. Energy Information administration)

Valley's Power Supply Comes From a Mix of Resources

Through Allegheny Electric Cooperative, Inc., our generation and transmission cooperative based in Harrisburg, Valley REC and 12 additional co-ops in Pennsylvania and one in New Jersey are fortunate to have ownership or long-term control to about 65% of our power supply. Pricing for this electricity — generated at a nuclear plant in Berwick and at hydro plants at Raystown Lake (Huntingdon) and the Niagara and St. Lawrence rivers (Lewiston, N.Y.) — is more stable than that purchased on the open market.



Sharing Responsibility for Our Success

IMAGINE BEING RESPONSIBLE FOR A business with assets of more than \$125 million that serves more than 22,000 residential, farm and commercial accounts. That is the duty shared by the members who serve on the Valley Rural Electric Cooperative (REC) Board of Directors.

Many complex issues face those involved in the electric industry. Controlling expenses while ensuring quality service is a constant struggle. But armed with knowledge and common sense, your directors at Valley REC strive to act in the best interest of the co-op membership.

Having your best interest at heart is beneficial for the directors as well. Board members are also cooperative members. They are chosen by their peers to serve as their representatives. Every decision they make affects them as much as it affects their fellow members.

Obligation

Ensuring the cooperative functions in an efficient manner is the obligation of each director. Acting as one body, the board must carry out several key assignments.

First and foremost, the board is responsible for formulating co-op policy. After the directors establish general principles to guide the

operation of the business, they hire management to carry out those policies. Although management must have the freedom to handle day-to-day functions, directors must be kept informed on the day-to-day operations. Directors are also responsible for keeping the membership fully informed. Finally, directors must assume responsibility for conducting the affairs of the cooperative.

Everyone involved in a cooperative — whether member or manager, employee or director — is responsible for the cooperative's success. In the best of all possible worlds, every member would take part in making decisions that have an impact on the business. This situation is not only impractical but impossible. Just as in our democratic system of government (where representatives are elected to speak for their constituents), in the cooperative way of doing business, board members are selected by the membership from their own members.

Participation

The election process ensures member control of the utility as well as the cooperative. But, without each member's participation, the cooperative can weaken.

What can you as a member do to support the cooperative? One easy, important way is to exercise your right to vote. For instance, if you're a Valley REC member living in co-op Districts 1, 3 or 5, you can attend the nominating meeting dinner being held in your area and participate in the selection of candidates for a position on the co-op board. (See the ad on page 16D for more information.) You also can plan to cast your vote at the cooperative's annual meet-

ing in April.

Just as your directors have the responsibility to make decisions that benefit the cooperative and all its members, you have the responsibility to support your cooperative by becoming involved in the election process. You have a personal stake in the continued success of Valley REC. With your input and ideas, your directors can do their jobs more effectively. 🗳️

Valley REC to Recognize High School Juniors With Youth Tour Scholarship

For decades, Valley REC has sponsored high school juniors on the annual National Rural Electric Cooperative Association Youth Tour to Washington, D.C. Valley's students join other students from electric cooperatives in Pennsylvania and New Jersey to travel to the nation's capital, where they meet other high school juniors from across the nation.

Valley REC normally sponsors juniors from member and non-member households, from public, private, and home-schooled programs across its eight-county service territory. This year, the board of directors has decided to award scholarships in lieu of a trip to Washington, D.C.

The board will continue to recognize some of our brightest and most community-minded young leaders by inviting juniors to apply for our Youth Tour Scholarship. The money received can be used toward future education-related expenses.

The committee will select recipients based on academic achievement, as well as participation in extracurricular activities and/or community service. It's anticipated that the amount of the award will be at least \$500. Successful applicants will receive their grant in mid-June.

Applications are available through guidance counselors or by emailing youthtourprogram@valleyrec.com.



UPDATE: Valley REC President and CEO Rich Bauer speaks to members from District 5 at the District Nominating Meeting held at the Shavers Creek Fire Hall in 2020.

Scholarship Application Season Begins

VALLEY RURAL ELECTRIC

Cooperative plans to award up to 15 \$1,000 scholarships this year to eligible students who qualify. The money to fund this scholarship program comes from unclaimed capital credits refunds that previously had to be turned over to the state. Thanks to the efforts of our political advocates, we can now keep those funds in our communities.

Eligibility Requirements

The applicant must be:

- ▶ an active Valley REC member or dependent of an active member. (Valley REC directors and employees and their dependents are not eligible.)
- ▶ attending or planning to attend an accredited post-secondary institution.
- ▶ enrolled or planning to enroll full-time for the 2023-2024 academic year.

Previous Brighter Future scholarship recipients are not eligible.

How to Apply

Applications will be available at the end of January on the co-op's web site. Visit valleyrec.com and follow the "Programs and Services" link to the "Scholarships" section.

There are two versions of the application: one for high school students and one for high school graduates.

Applications will also be available at all Valley REC offices and in the



guidance offices of the following public high schools:

- ▶ Altoona Area High School
- ▶ Central High School
- ▶ Claysburg-Kimmel High School
- ▶ Fannett-Metal High School
- ▶ Forbes Road Junior/Senior High School
- ▶ Hollidaysburg Area Senior High School
- ▶ Huntingdon Area High School
- ▶ Juniata High School
- ▶ Juniata Valley High School
- ▶ McConnellsburg High School
- ▶ Mifflin County High School
- ▶ Mount Union Area High School

- ▶ Northern Bedford County High School
- ▶ Southern Fulton Junior/Senior High School
- ▶ Southern Huntingdon County High School
- ▶ Tussey Mountain High School
- ▶ Tyrone Area High School
- ▶ Williamsburg High School

Application Deadline

Applications and all required information must be delivered to a Valley REC office or be postmarked by March 31.

Scholarship selections will be made in late April. Award recipients will be notified by the end of June.

Please direct questions to brighterfuture@valleyrec.com or call 1-800-432-0680.



SAFETY FIRST

Valley REC line crews participated in on-the-job training in October 2022. The safety workshops were held at actual job sites in the co-op's service districts. Lineworkers in Valley's Martinsburg, Huntingdon and Shade Gap districts participated in training, provided by the Pennsylvania Rural Electric Association's Job Training & Safety Program. At right, Shade Gap District crewleaders Jason Wilson and Jonathan Shields replace an old three-phase pole in the Hill Valley area.

