

# Valley Rural Electric Cooperative, Inc.

A 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  
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814-643-2650  
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

## Executive Report

# Valley Rural Electric Remains on Solid Financial Footing

**ON BEHALF OF THE EMPLOYEES** and board of directors of Valley Rural Electric Cooperative (REC), we're pleased to update you on the health and operations of your member-owned business. We hope you 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 REC 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 2022. Equity was at 52% of assets at the end of 2022, which is in line with our equity management plan. We returned more than \$2.5 million in patronage capital to eligible members and former members in December. Over the years, we have returned nearly \$37 million in patronage capital. You can find a breakdown of the cooperative's financial data on page 16D.

As usual, the co-op's largest outlay in 2022 was to Allegheny Electric Cooperative, Inc. for the purchase of electricity. The co-op spent more than \$18.3 million on power last year, about 52% of the 2022 budget.

The COVID-19 pandemic continued to impact some aspects of our engagement with members. Most notably, Valley's board of directors made the decision to cancel in-person district nominating meetings for 2022; however, we were fortunate to be able to resume them in 2023. We held three nominating meetings in late February for Districts 1, 3 and 5.

Supply chain issues and skyrocketing fuel prices top the list of concerns for 2023. Equipment and material once readily available are now back-ordered, with some items having a two-year delivery time. The price of fuel has hit all-time highs and is reflected in the cost of purchased power for 2023. Even though we own approximately 65% of our own supply, the remaining 35% must be bought on the open market, and we are expecting an almost 30% increase in our cost of purchased power.

Our operations personnel continue to work to improve system reliability and power quality. In 2022, we began the replacement of our Sinking Valley substation in Tyrone Township, Blair County. It is now complete, and we are planning a May 1 energization. This new substation will replace our old Sinking Valley substation, which was constructed around 1950, and will be able to increase our capacity for future loads while also improving our ability to backfeed portions of the system impacted by power outages.

We are continuing our aggressive approach to vegetation management. In 2022, we trimmed nearly 430 miles of rights of way and plan on trimming 468 miles in 2023. 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 our members continued to stabilize future wholesale power costs in 2022 by shifting summertime use to early mornings and evenings and participating in our demand response program. If you're not enrolled in the program, please consider participation. Now more than ever, controlling the cost of power is essential.

Valley REC 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



**RICH BAUER**  
PRESIDENT & CEO

*James R. Stauffer*

*Rich Bauer*

# Huntingdon County Fairgrounds Site of Valley Rural Electric Cooperative's Annual Meeting

## Three incumbent directors re-elected to co-op board

VALLEY RURAL ELECTRIC COOPERATIVE (REC) held its annual meeting as a drive-thru event at the Huntingdon County Fairgrounds. Members attending the event, held Friday, April 14, re-elected three members to the co-op board.

More than 1,500 of the co-op's consumers participated. Members could arrive anytime between 4-7 p.m. They followed a route that took them through a tent where they received the co-op's 2022 Annual Report and a ballot. At a second tent, members cast their ballots to fill three seats on the nine-person board of directors that represents the cooperative's more than 22,000 consumer-members. Those directors re-elected to three-year terms on the board are

Randy Huntsman of Martinsburg, District 1; Kevin States of Hesston, District 3; and Ken Soder of Petersburg, District 5.

For many years the co-op held its annual meeting in a high school auditorium, either in Huntingdon or Mount Union. Like the 2022 event, this year's drive-thru annual meeting saw a marked increase in attendance over the traditional three-hour high school meeting. Participants in the 2021 event were surveyed by mail, and nearly all respondents favored the drive-thru format. Many members commented that they are not able to attend



the traditional meeting for a variety of reasons, such as scheduling conflicts or being unable to sit long enough for a traditional meeting.

"We hope our members again found this drive-thru event to be a safe and convenient way to participate in their annual meeting," says Valley REC Board Chairman James Stauffer of McVeytown, Mifflin County. "As a member-owned electric cooperative, we're pleased with the increase in attendance."

Participating Valley REC members received a \$25 bill credit and a folding chair. Additionally, cooperative staff collected spent compact fluorescent light bulbs for proper disposal.

Valley REC's territory is divided into nine director districts with one member from each district comprising the co-op's board of directors. The co-op hosts nominating meetings in February in the three districts with a seat open for election. The names of members nominated at those dinner meetings appear on the ballot for election by all attending memberships at the annual meeting.

Valley REC is a member-owned cooperative providing electric service to consumers in eight counties of south-central Pennsylvania, including Bedford, Blair, Centre, Franklin, Fulton, Huntingdon, Juniata and Mifflin. Incorporated Nov. 1, 1938, Valley REC energized its first lines Nov. 17, 1939. 📍

# 2023 Re-elected Directors

## DISTRICT 1



**RANDY HUNTSMAN**

Randy Huntsman works as an animal nutritionist with Renaissance Nutrition in Roaring Spring. Additionally, he is employed by Kulp Family

Dairy, LLC in Martinsburg as a crops manager and as the bookkeeper for Hilecrest Farm, LLC in Sinking Valley.

A 1977 Central High School graduate, Randy and his family operated a dairy farm, PA Fair Valley Farms, for more than 30 years. He also served on the North Woodbury Board of Supervisors for 24 years, many of which as board chairman.

Randy has a wealth of co-op experience. He is or has been a member of the following cooperatives: Land O'Lakes, Pennsylvania Farm Bureau, Select Sire Power, Ag Choice Farm Credit and Bedford Farm Bureau.

He has also served on various boards of directors, including those serving the Blair County Farm Bureau, the Blair County Holstein Club, the Blair County DHIA and the Professional Dairy Managers of Pennsylvania.

Randy and his wife, Karen, are members of Martinsburg Grace Brethren Church where they both serve as deacons, and Randy as an elder.

In his free time, Randy enjoys touring the country on a Harley, hunting and spending time with his family. He and Karen have two sons and a daughter, and they are Pap Pap and Mimi to four granddaughters and two grandsons.

Randy, 63, has been a Valley REC member since 2007 and has served on the cooperative board since July 2016. Randy has earned his Director Gold Certificate from the National Rural Electric Cooperative Association for completing the required continuing education credits.

Randy ran unopposed on the ballot for District 1.

## DISTRICT 3



**KEVIN STATES**

A 61-year-old native of Hesston, Huntingdon County, Kevin States works on his family's 200-acre farm, rents another 200 acres of cropland and feeds

80 head of young stock. The operation uses the services of the Bedford Farm Bureau Cooperative in addition to Valley REC.

Kevin is a 1979 graduate of Huntingdon Area High School. He is a past member of the National Holstein Association and a member of the Pennsylvania Farm Bureau. He was formerly involved with the Huntingdon County 4-H dairy and beef clubs and was a member of the Rural Electric Youth Tour delegation in 1978.

The States' farm has received electric service from Valley REC since 1952; Kevin has been a member of the cooperative since 1982. He has served on the co-op's board of directors since 1999 and has held the positions of vice chairman and secretary. He has previously attained the Director Gold Certificate, the highest level of training for electric co-op directors.

Kevin has one son, one daughter,

three grandsons and four granddaughters. In his free time, he follows NASCAR racing and enjoys going to local dirt track races.

Kevin ran unopposed on the ballot for District 3.

## DISTRICT 5



**KEN SODER**

Ken Soder has worked for Patton Township since July 1999. He started as the zoning officer and is currently the public works director.

Ken and his wife, Kathy, started the K Bar K Farm in 1997 in the Bald Eagle Valley area with 14 Dorset ewes purchased from a lady getting out of the sheep business. They moved to West Township in Huntingdon County in 2002 to accommodate their growing flock.

Ken is a 1979 graduate of State College High School. He obtained his bachelor's degree from Penn State in agricultural mechanization from the College of Agricultural Engineering in 1989.

He has been married to Kathy since 1991. Their son, Nathan, is studying criminology at Penn State.

Ken is an active member of the Petersburg Bethel Presbyterian Church. He has served as an elder and is currently serving as a trustee.

Ken has been a Valley REC member since 2002.

In his spare time, Ken is a Shavers Creek 4-H leader involved with sport fishing and woodworking.

Ken ran unopposed on the ballot for District 5.

# 2022 Financial Report

Statement of Operations		2022	2021
<b>Income</b>			
	Operating Revenue	\$38,053,153	\$36,671,229
	Interest Income	\$50,125	\$49,350
	Other Non-Operating Income	\$2,620,472	\$2,994,595
	<b>TOTAL INCOME</b>	<b>\$40,723,750</b>	<b>\$39,715,173</b>
<b>Expenses</b>			
	Cost of Power Purchased	\$18,293,001	\$17,662,158
	Operations & Maintenance	\$6,224,295	\$5,418,490
	Member Acct. & Service	\$1,281,965	\$1,361,858
	Administrative & General	\$4,012,080	\$3,656,502
	Depreciation & Amortization	\$4,314,835	\$4,261,990
	Taxes	\$64,617	\$59,569
	Interest Expense	\$1,570,044	\$1,576,713
	Other Deductions	\$105,091	\$104,537
	<b>TOTAL EXPENSES</b>	<b>\$35,865,928</b>	<b>\$34,101,817</b>
	<b>NET MARGINS</b>	<b>\$4,857,821</b>	<b>\$5,613,356</b>
<b>Balance Sheet</b>		<b>2022</b>	<b>2021</b>
<b>Assets</b>			
	Electric Plant (less depreciation)	\$77,973,266	\$76,718,020
	Investments	\$15,809,426	\$13,728,070
	General Fund Cash & Working Capital	\$1,583,485	\$2,870,078
	Accounts Receivable	\$3,552,513	\$2,527,379
	Materials & Supplies	\$766,573	\$627,233
	Payments Made In Advance	\$29,654	\$120,520
	Other Current & Deferred Assets	\$2,413,313	\$2,664,607
	<b>TOTAL ASSETS</b>	<b>\$102,128,229</b>	<b>\$99,255,907</b>
<b>Equities</b>			
	Patronage Capital and Margins	\$28,997,389	\$30,772,439
	Other Equities	\$22,664,265	\$18,378,554
	<b>TOTAL EQUITIES</b>	<b>\$51,661,654</b>	<b>\$49,150,993</b>
<b>Liabilities</b>			
	Long-Term Debt	\$38,817,200	\$38,426,925
	Notes Payable	\$0	\$0
	Accounts Payable	\$2,140,265	\$3,300,557
	Member Deposit	\$505,810	\$488,360
	Other Current & Accrued Liabilities	\$4,914,032	\$4,917,334
	Deferred Credits and Regulatory Liabilities	\$4,089,267	\$2,971,738
	<b>TOTAL LIABILITIES</b>	<b>\$50,466,575</b>	<b>\$50,104,914</b>
	<b>TOTAL EQUITIES &amp; LIABILITIES</b>	<b>\$102,128,229</b>	<b>\$99,255,907</b>