

Bedford Rural Electric Cooperative

A Touchstone Energy® Cooperative 



One of 14 electric cooperatives serving Pennsylvania and New Jersey

Bedford REC

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BOARD OF DIRECTORS

President & Allegheny Director

C. Robert Koontz
Colerain, Snake Spring and South Woodbury Twps.

Vice President & PREA Director

Owen L. Miller
East St. Clair Twp.

Secretary

Donald Hoenstine
Kimmel and King Twps.

Treasurer

Reuben R. Lafferty
Juanita Twp., Bedford County, and Allegheny Twp., New Baltimore Borough, Somerset County

Assistant Secretary

Earl W. Garland
East Providence Twp., Bedford County, and Brush Creek Twp., Fulton County

Assistant Treasurer

Paul L. Rummel Jr.
Bedford and Cumberland Valley Twps.

William Howard Atkinson

Monroe and West Providence Twps., Everett Borough
Dale Sprigg II

West St. Clair, Pavia, and Lincoln Twps., Pleasantville Borough

Ronald W. Wilkins
Napier and Harrison Twps., New Paris, Manns Choice and Shellsburg Boroughs

Attorney

John J. Dirienzo Jr.

Office Hours

Monday through Friday
7:30 a.m. – 4:00 p.m.

From the General Manager



Become a co-op voter

By Brooks Shoemaker

WHEN was the last time you voted?

For the members of Bedford Rural Electric, voting is in our DNA. It's how we maintain a cooperative that is responsive to the membership. In the United States of America, voting also plays a crucial part in our representative democracy. Federal, state and local elections offer an opportunity to exercise a civic responsibility — to select the best leaders for our communities.

Yet in places all over America, even those served by electric cooperatives, citizens aren't exercising that right. In the 2012 national elections, voter turnout dropped overall, but the decline in rural counties was 18 percent — twice that of the nation as a whole.

In presidential elections since 2000, between 50 and 60 percent of Pennsylvanians who are registered to vote have actually voted. In 2012, about 59 percent of eligible voters went to the polls and cast 5.7 million votes. By national standards, that is not a bad turnout. However, 3.9 million Pennsylvanians who were eligible to vote chose not to vote.

What is the most important aspect of not voting, aside from not having a voice in choosing our leaders? We lose the opportunity to communicate our concerns to those leaders about the issues that matter to us. These issues

affect us every day, where we work, live and raise our families.

Over the past several weeks, millions of Americans have trekked to local polling places to cast votes in primary races. Before the nominating process is over, millions more will have followed suit, including Pennsylvania voters who went to the polls on April 26. The enthusiasm with which

Americans are participating in the primary season is encouraging, and the debate as we head into the November elections may be unprecedented.

However, in the months ahead, it would be wise for candidates to remember the 42 million-member electric cooperative community, a diverse and vast group of Americans that reaches

into almost every district and every state in this country.

As you well know, Bedford Rural Electric is part of the nationwide cooperative network. We are not-for-profit energy providers, and we are owned by the members we serve. The nationwide web of cooperative distribution and transmission lines covers 75 percent of our nation's landmass. We are part of the foundation in our communities, and our members need to make their voices heard in this election season on issues that matter most to us.

Reliable, safe, affordable electricity

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From the General Manager

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and quality, cost-effective, accessible health care systems are just two of those issues. Still, they only become priorities if enough people show elected officials we are paying attention. Registering to vote and then appearing at the polls and voting are the most effective ways to send this message.

When we go to the polls with the cooperative principle of “Concern for Community” in mind, we instantly improve our political system. It’s a system designed to produce a government “of the people, by the people and for the people.” People like you and me.

I would like you to join me in a new initiative that is designed to get every eligible person registered to vote! You, me, our families and friends — all of us need to take the pledge to become a registered CO-OP VOTER.

Bedford Rural Electric has joined America’s electric cooperatives in launching a campaign to help get all cooperative members registered to vote and get them to the polls. This nonpartisan program has three goals: to increase rural voter registration and turnout, educate co-op consumers on key issues, and elevate the influence of rural Americans in the outcome of this election.



ELECTION RESULTS: Bedford REC General Manager Brooks Shoemaker, right, congratulates newly elected directors, from left: Dale Sprigg II, Earl Garland and Bob Koontz.

We feel strongly that rural America needs to insert issues important to co-ops into the public discussion. Called “Co-ops Vote,” this effort will help boost voter turnout in the areas we serve, ensuring that our voices are heard loud and clear every day, and especially on Election Day.

Here’s what you can do to help. Visit the Co-ops Vote website,

www.vote.coop, and take the pledge to become a CO-OP VOTER to support your community and Bedford Rural Electric when casting your vote in 2016. The website will give you information on your elected officials and candidates, the voter registration process, election dates and locations, and background about eight key co-op issues we want our elected leaders to understand: rural broadband access, hiring and honoring veterans, low-income energy assistance, cybersecurity, water regulation, rural health care access, affordable and reliable energy, and renewable energy.

By participating in the Co-ops Vote program and taking the pledge to make electric co-op issues a priority this November, consumers are sending a resounding message that candidates will need to put our concerns front and center in order to earn our vote. With millions of electric co-op members speaking out with one voice, we are already having a major impact in making our top issues part of the national conversation.

I encourage everyone, regardless of their political beliefs, to join Bedford Rural Electric in this national effort.

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SCHOLARSHIP RECIPIENTS: Bedford REC scholarships are awarded to, from left: Joshua Evans, Jessica Shastay, Cassie Barkman, Dylan Downs, Mackenzie Livingston and Lydia Diehl.

Bedford Rural Electric Cooperative, Inc.

2015 Members' Financial Report

Balance Sheet

| | December 31, | |
|---------------------------------------|----------------------|----------------------|
| | 2015 | 2014 |
| ASSETS | | |
| Net Utility Plant | \$ 34,743,641 | \$ 33,391,372 |
| Equity in Associated Organizations | 5,702,946 | 5,398,313 |
| Cash and Temporary Investments | 1,308,960 | 3,497,070 |
| Accounts Receivable | 1,163,671 | 1,357,101 |
| Materials and Supplies | 809,726 | 821,344 |
| Other Assets | 1,944,176 | 1,885,889 |
| TOTAL ASSETS | \$ 45,673,120 | \$ 46,351,089 |
| LIABILITIES AND EQUITIES | | |
| Long-Term Debt | \$ 15,878,771 | \$ 17,263,129 |
| Consumer Deposits | 945,328 | 771,118 |
| Accounts Payable | 2,343,530 | 1,933,146 |
| Other Liabilities | 1,752,786 | 1,310,846 |
| Operating Reserves | 258,707 | 258,707 |
| Equities | 266,782 | 254,074 |
| Patronage Capital | 24,227,216 | 24,560,069 |
| TOTAL LIABILITIES AND EQUITIES | \$ 45,673,120 | \$ 46,351,089 |

Statements of Revenue and Patronage Capital

| | Year Ended December 31, | |
|---|-------------------------|----------------------|
| | 2015 | 2014 |
| OPERATING REVENUES | \$ 27,719,356 | \$ 23,897,634 |
| OPERATING EXPENSES | | |
| Cost of Power | \$ 20,523,407 | \$ 16,747,008 |
| Distribution - Operation and Maintenance | 2,462,881 | 2,205,850 |
| Customer Service and Information | 724,286 | 691,644 |
| Administrative and General | 1,479,502 | 1,124,909 |
| Taxes | 13,845 | 13,605 |
| Depreciation | 1,240,760 | 1,198,800 |
| Interest on Debt | 508,423 | 511,592 |
| TOTAL OPERATING EXPENSES | \$ 26,953,104 | \$ 22,493,408 |
| OTHER OPERATING INCOME | | |
| G & T and Other Capital Credits | \$ 435,074 | \$ 540,657 |
| Net Operating Margins | \$ 1,201,326 | \$ 1,944,883 |
| Nonoperating Margins | 96,570 | 80,115 |
| NET MARGINS | \$ 1,297,896 | \$ 2,024,998 |
| PATRONAGE CAPITAL, Beginning of the Year | 24,560,069 | 24,184,058 |
| PATRONAGE CAPITAL, Before Capital Credits Retirement | 25,857,965 | 26,209,056 |
| CAPITAL CREDITS RETIREMENT | 1,630,749 | 1,648,987 |
| PATRONAGE CAPITAL, End of the Year | \$ 24,227,216 | \$ 24,560,069 |

Buffamante Whipple Buttafaro, Professional Corporation, P.O. Box 849; Jamestown,
New York 14702-0849, audited the cooperative's accounts and records for
calendar years 2015 and 2014. A complete copy of their report is available for
inspection at Bedford Rural Electric Cooperative, Inc.'s office in Bedford, Pa.

From the General Manager

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Let's stand up for the priorities of the rural electric cooperative community in the months leading to Nov. 8. Let's make sure that we join co-ops everywhere as a powerful voice on national issues that have a local impact.

The numbers

We had another excellent year in 2015. We sold 295 million kilowatt-hours, and operating revenues exceeded \$27.5 million. Each of these numbers represented an increase of more than 15 percent, and are records for the cooperative.

In today's world of rising prices and shrinking profits, we are pleased that our record sales figures translated into a solid bottom line. We finished the year with margins (our "net profit") of \$1,298,000. That included \$101,000 of interest income and \$394,000 in allocated, but not realized, margins from our wholesale power supplier, Allegheny Electric Cooperative, Inc.

For the second consecutive year, our annual Christmas present to our members put more than \$1.6 million of returned capital credits back into your pockets. 2014 and 2015 have been by far the largest capital credits retirements in the cooperative's history. Over the past 35 years, your cooperative has returned \$15.08 million to the members — just one more advantage to being a cooperative member. Economic participation and regular capital credits refunds are hallmarks of the cooperative

business model. The cooperative's board demonstrates that annually and strongly believes in that philosophy. The board anticipates, if our financial condition remains strong, a similar retirement in 2016.

From an operational standpoint, 2015 was another busy year. Seventy-seven new services and several major line rehabilitation projects dominated the year. For the most part, this includes replacing poles and wire from the late 1940s, 1950s and early 1960s with new poles and conductor. Some of the larger projects included a 4.8-mile project in the Friends Cove area; a 3.2-mile job on Messiah Church Lane in Dutch Corner; a 6.8-mile project near the Route 56 corridor between our Point and Cessna substations; and for the second year in a row, our most visible project was the 4.3-mile, ongoing rehabilitation on Route 30 between Everett and Breezewood that combines separate distribution and cross-country transmission circuits onto a single set of poles adjacent to the highway.

Together, these projects, along with other smaller line replacements and extensions, cost over \$1.5 million.

For several years, we've discussed the second phase of our AMI (Advanced Meter Infrastructure) program. By early fall 2015, we had virtually completed the project, having replaced nearly 2,100 load control receivers (LCRs) in our members' homes. Unfortunately, in late December, the LCR manufacturer informed us of an issue that required us to retrofit the recently installed units with four new wires. We want to thank everyone for their patience as again we are moving through the system asking for access to your units. To date, we've completed about a third of the retrofits and continue working at it every single day. Again, we continue to ask for your cooperation during this process. These units have saved us millions of dollars in the last 25 years. We would not enjoy today's low rates without them. So, please be as accommodating as possible during the process. It will benefit everyone. 

OFFICE CLOSING

Bedford REC's office will be closed on Monday, May 30, 2016, in observance of Memorial Day.

TROUBLE CALL SCHEDULE

In case of trouble...

- 1** Check your fuses or circuit breakers.
- 2** Check with your neighbors, if convenient, to see if they have been affected by the power failure.
- 3** Call the 24-hour number, 623-7568, OR call 800-808-2732* during office hours

**(Please help us save money – only use this number if toll charges apply.)*

Please the give person receiving call your name as it appears on your bill, your telephone number and your map number if known. Any specific information about the outage will also be helpful in pinpointing the problem.

Alternate numbers ...

- Troy Mock..... 276-9759 (Week of May 2)
- Greg Miller..... 839-0037 (Week of May 9)
- Al Hileman..... 766-9971 (Week of May 16)
- Jim Seymour..... 839-2848 (Week of May 23)
- Dennis Tursich 623-0922 (Week of May 30)

In case you cannot reach any of the above, call:

- Jim Wood 623-6121 (Bedford)
- James Clark..... 652-9791 (Everett)
- Mark Rowan 623-7890 (Bedford)

During widespread power outages, many members are calling to report power failures. You may receive a busy signal, or in certain cases your call may go unanswered. This occurs in after-hours outages when the office is not fully staffed. Please be patient, and try again in a few minutes.