

Bedford Rural Electric Cooperative

A Touchstone Energy® Cooperative 



One of 14 electric cooperatives serving Pennsylvania and New Jersey

Bedford REC

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Bedford, PA 15522

814-623-5101

Email: support@bedfordrec.com

Website: www.bedfordrec.com

BOARD OF DIRECTORS

President &

Allegheny Director

C. Robert Koontz

Colerain, Snake Spring and South Woodbury Twps.

Vice President & PREA Director

Donald Hoenstine

Kimmel and King Twps.

Secretary

Ronald W. Wilkins

Napier and Harrison Twps.,

New Paris, Manns Choice and

Schellsburg Boroughs

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

John A. Oldham

East St. Clair Twp., Bedford County

Dale Sprigg II

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

Pleasantville Borough

Attorney

James R. Cascio

Office Hours

Monday through Friday

7:30 a.m. – 4:00 p.m.

From the General Manager



What would life be like without electric co-ops?

By Brooks Shoemaker

IN THE holiday movie classic, “It’s a Wonderful Life,” the lead character, George Bailey (played by Jimmy Stewart), wishes he had never been born due to the financial troubles he is experiencing. Through the help of an angel, he sees how many lives would have been negatively affected if he didn’t exist. George comes to realize that, even with his problems, he has a wonderful life with great friends and family.

So what do you think life would be like if community leaders, 78 years ago, had not founded the Bedford Rural Electric Cooperative? Do you think the investor-owned utilities would have built lines into the countryside? They would not have done it on their own. It would have required a legislative fix to force them into doing the “right” thing. My guess is that we would have eventually gotten electricity, but not until the 1950s or most likely the 1960s. Rural Bedford County would have never caught up with our relatives from the cities.

Living in the U.S. today, it is nearly impossible to imagine life without electricity. So many of our modern conveniences that improve the quality of our lives are dependent on electricity as the “fuel” to make them work. From the alarm clock that wakes us up to the refrigerator that keeps our morning milk cold and fresh. From the HVAC unit that keeps us cool in

the summer and warm in the winter to the vacuum that lets us clean more efficiently and all those kitchen appliances that save us time and physical energy. And, of course, so much of our entertainment, whether it comes from the TV, radio or computer, depends on the kilowatt-hours the cooperative provides. Just think: there would be no smartphones or cellphones without electricity.

All types and sizes of businesses rely on electricity to produce and sell the products we need. So, is it any wonder we feel that, while our primary product is electricity, we are really in the quality-of-life business? We support many local initiatives that improve our community. Each year, we provide scholarships to graduating high school seniors, tuition assistance for high school students who are getting a jump on college, charitable donations to support volunteer fire companies and ambulance associations that serve our members, energy assistance for our members who have encountered difficulties paying their bills, deeply discounted water heaters for our members, rebates for members who are replacing or upgrading their HVAC systems, and many other community-oriented activities.

However, as we celebrate all that we have to be thankful for as cooperative *(continues on page 14b)*

From the General Manager

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members, it is important to remember the 1.3 billion people in the world who still live without reliable electric service. That is equal to about four times the U.S. population!

Many of the things we take for granted living in the U.S. are much harder and more time-consuming for people in developing countries. We are proud members of the National Rural Electric Cooperative Association (NRECA), which is working through its affiliate, NRECA International, and the NRECA International Foundation to help bring power to people in developing countries such as Haiti and Liberia.

We are thankful our community forefathers had the vision and foresight to do for themselves what needed to be done, gathering friends and neighbors to form our cooperative. As the electric business of the 21st century continues to evolve, you can count on us to meet all of your electric energy needs. More importantly, we are here to help improve the quality of your wonderful life.

The numbers

We had another excellent year in 2016. We sold 331 million kilo-



ELECTION RESULTS: Bedford REC board President Robert Koontz, left, and General Manager Brooks Shoemaker, right, congratulate the directors elected at the annual meeting, from left: Paul L. Rummel Jr., John A. Oldham and Reuben R. Lafferty.

watt-hours' (kWhs) worth of electricity, and operating revenues fell just shy of \$30 million. That represents a 12 percent increase in kWh sales and a 9 percent increase in revenue. Both are cooperative records.

Like all electric utilities, we operated during the year in an uncertain regulatory environment. However, we are pleased to report our record sales figures translated into a solid bottom line. We finished the year with mar-

gins (our "net profit") of \$1.5 million. That included \$96,000 of interest income and \$468,000 in allocated, but not realized, margins from our wholesale power supplier, Allegheny Electric Cooperative, Inc.

For the third consecutive year, our annual December Christmas present to our members put more than \$1.6 million of returned capital credits back into your pockets — 2014, 2015 and 2016 have been by far the largest capital credits retirements in the cooperative's history. Over the past 36 years, your cooperative has returned \$16.58 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 past three years of record retirements were part of our equity management plan that was designed to shorten our cycle of returning capital credits. We wanted to get the money back into the pockets of the members sooner. The board anticipates, if our financial condition remains strong, a smaller retirement in 2017, around \$1 million.

From an operational standpoint,
(continues on page 14d)



SCHOLARSHIP RECIPIENTS: Bedford REC scholarships are awarded to, from left: Heidi Barkley, Maria Claycomb, Kaylin Gaudette, Lydia Grimes and Allison Shuke. Recipient Joel Colledge is not pictured.

Bedford Rural Electric Cooperative, Inc. 2016 Members' Financial Report

Balance Sheet

	December 31,	
	2016	2015
ASSETS		
Net Utility Plant	\$ 35,532,098	\$ 34,743,641
Equity in Associated Organizations	6,136,105	5,702,946
Cash and Temporary Investments	2,118,299	1,308,960
Accounts Receivable	1,255,364	1,163,671
Materials and Supplies	686,548	809,726
Other Assets	1,783,706	1,944,176
TOTAL ASSETS	\$ 47,512,120	\$ 45,673,120
 LIABILITIES AND EQUITIES		
Long-Term Debt	\$ 17,524,017	\$ 15,878,771
Consumer Deposits	1,096,663	945,328
Accounts Payable	2,316,433	2,343,530
Other Liabilities	1,904,744	1,752,786
Operating Reserves	228,707	258,707
Equities	277,161	266,782
Patronage Capital	24,164,395	24,227,216
TOTAL LIABILITIES AND EQUITIES	\$ 47,512,120	\$ 45,673,120

Statements of Revenue and Patronage Capital

	Year Ended December 31,	
	2016	2015
OPERATING REVENUES	\$ 29,927,367	\$ 27,719,356
OPERATING EXPENSES		
Cost of Power	\$ 22,788,956	\$ 20,523,407
Distribution - Operation and Maintenance	2,437,084	2,462,881
Customer Service and Information	691,918	724,286
Administrative and General	1,263,618	1,479,502
Taxes	15,036	13,845
Depreciation	1,271,242	1,240,760
Interest on Debt	538,281	508,423
TOTAL OPERATING EXPENSES	\$ 29,006,135	\$ 26,953,104
OTHER OPERATING INCOME		
G & T and Other Capital Credits	\$ 509,158	\$ 435,074
Net Operating Margins	\$ 1,430,390	\$ 1,201,326
Non - Operating Margins	91,041	96,570
NET MARGINS	\$ 1,521,431	\$ 1,297,896
PATRONAGE CAPITAL , Beginning of the Year	24,227,216	24,560,069
PATRONAGE CAPITAL , Before Capital Credit Retirement	25,748,647	25,857,965
CAPITAL CREDIT RETIREMENT	1,584,252	1,630,749
PATRONAGE CAPITAL , End of the Year	\$ 24,164,395	\$ 24,227,216

Buffamante Whipple Buttafaro, Professional Corporation, P.O. Box 849; Jamestown,
New York 14702-0849, audited the Cooperative's accounts and records for
calendar years 2016 and 2015. 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

(continued from page 14b)

2016 was another busy year — 96 new services and several major line rehabilitation projects dominated the year. For the most part, our rehabilitation work involves replacing poles and wire from the late 1940s, 1950s, and early 1960s with new poles and conductors. As we re-engineer the system, we also make every effort move our lines out of your fields and off the hillsides, and relocate them adjacent to the roads. It makes it better for everyone — we can access them easier during outages and members no longer have to navigate around them. Some of the larger projects included a 3-mile project on Messiah Church Lane in Dutch Corner, a 1.2-mile project near Bence's Farm Equipment in Belden, a 2.5-mile job near the Ryot Covered Bridge on Route 96, a 2.8-mile rehabilitation on Valley Road near Route 56, and 2.5 miles of work from Egolf Park out through Ottown. All together, these projects, along with other smaller line replacements and extensions, covered

over 15 miles of line and cost more than \$1.5 million.

After many years of installing our advanced meter infrastructure (AMI) system and then last year's misfortune of having to retrofit 2,100 of the newly installed load control receivers (LCRs) because of a manufacturer's defect, we have virtually completed the project. Once again, we want to thank everyone for their patience throughout the process. It's been a huge task, but one that will enable us to continue adding to the millions of dollars the system has saved us in the last 25 years.

Now that the AMI project is winding down, we plan to continue rebuilding and modernizing the system. For the next several years, in addition to replacing and relocating decades-old poles and wires, we will be focusing on our substations, upgrading and modernizing our equipment to meet the challenges of today's member.

when it is required, and not before. Hopefully, it is reassuring to know that we are looking out for you. So, relax and enjoy the benefits of being a cooperative member!

As always, you have daily access to a local office where you can work one-on-one with customer service representatives to handle all of your member needs, including paying your electric bill, scheduling service work (often times at no charge), and sometimes lodging a complaint. The management, staff, and board of directors are here to answer any of your questions or concerns. We're your electric cooperative. When members call their cooperative for service, they get a response! 🌟

OFFICE CLOSING

Bedford REC's office will be closed Monday, May 29, 2017, in observance of Memorial Day.

EMERGENCY POWER NEEDS

As a service to our members, Bedford Rural Electric needs to be aware of situations where special needs exist. Please provide the following details: (Please print clearly)

Account: _____

Name: _____

Address: _____

Home Phone: _____

Cellphone: _____

Email Address: _____

Special Needs: Medical

Farming/Livestock

Other _____

Each year, our goal is to provide service with no outages. Unfortunately, that is not a realistic expectation. Outages do occur and during severe storms, service restoration may take several days or longer. Therefore, we strongly recommend our members with special needs install standby backup generation equipment. Please contact our office for more information on this type of equipment.

Member-focused

Rest assured, throughout every season of every year, we are working hard to deliver power to you as efficiently, affordably and transparently as possible. Continuing a trend over the last several years, our rates continue to be the cheapest in the area. Even though we instituted a small rate increase in January 2017, we only raise rates

OUTAGE REPORTING

In case of an outage...

- 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 give the person receiving the 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.

**To report an outage call:
(814) 623-7568**

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.