

# Bedford Rural Electric Cooperative

A Touchstone Energy® Cooperative 



One of 14 electric cooperatives  
serving Pennsylvania and New Jersey

## Bedford REC

P.O. Box 335

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 is the ‘co-op difference?’ You are a member, not a customer!

By Brooks Shoemaker

MANY businesses use the word “member” to describe their customers. Places like Sam’s Club, AARP and AAA like to refer to their customers as members. You pay a fee to buy their goods and services, which may be discounted — or then again, maybe they aren’t! However, that is really all you get for your “membership.”

Depending upon your needs, maybe that is enough to justify the cost of membership. But, what is missing? You certainly do not have the right to vote for the board of directors or to have any meaningful participation in the organization.

However, here at Bedford Rural Electric Cooperative, your membership really does mean something more than just the right to buy the cheapest, most reliable electricity in Bedford County. Our founders were guided by the seven cooperative principles. Today, 79 years later, those seven principles continue to provide the underlying foundation for our organization. They are the cornerstone of our vision into the future.

Membership gives you rights as an owner of this cooperative. The most vital might be the ability to become involved in the democratic process. The board of directors of the co-op makes important strategic decisions for the organization. They make sure we are well-governed. They entrust the

cooperative’s daily operations to the employees.

Each and every year, you are invited to the annual meeting to cast your vote for three director positions — to make your voice heard. In fact, each year, you also have the opportunity to run for the board. That gives you the right (and some may even say the obligation) to help map our future. This is a fundamental difference between co-ops and other electricity providers, such as investor-owned utilities (IOUs) like Penelec and West Penn Power. IOU customers have no ownership stake and no voice in the company. IOU stockholders may live far away and have no direct attachment to the organization other than seeking a return on their investment.

We take the member-cooperative relationship very seriously. It’s what sets the cooperative business model apart from other utilities. Member relations is not just part of what the co-op does, but it is the fundamental core of the cooperative’s business. There are three strategic concepts that we must get right in order to survive and thrive.

► We are economically connected to you. It is a business relationship that serves you (the member) and the co-op. Since we are solely owned by members in the communities we serve, we have a mutual interest in

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**From the General Manager**

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ensuring that both the co-op and the member do well and prosper.

- ▶ We strive to always maintain transparency. As an owner of the co-op, you have a right to know how we operate and how decisions are made that directly impact you. We believe that transparency, combined with integrity and fairness, builds trust with the members.
- ▶ Cognition is best defined as how we think here at the cooperative. That includes our current and historical identity, our mission and the sense of shared values with our members. Research, education and training are critical functions that we undertake on an ongoing basis to ensure that we always have the best information to make decisions.

You've heard the famous quote, "Those who do not remember the past are condemned to repeat it." Well, we like our past. The cooperative heritage has served Bedford County very well. We believe that remembering our history with the goal of repeating it can actually be a good thing. We are always looking back — even as we look forward.

Bedford Rural Electric was found-



**ELECTION RESULTS:** Bedford REC board President Robert Koontz, right, and General Manager Brooks Shoemaker, left, congratulate the directors elected at the annual meeting, from left: Don Hoenstine, Howard Atkinson and Ron Wilkins.

ed because neighbors were working cooperatively to bring electricity to our rural community. IOUs said they couldn't generate enough profit in rural areas, so they refused to serve them. Once the co-op was established, annual meetings were the "must attend" event of the year. The co-op — on behalf of the members — committed to providing the community with electricity and together, we did just that.

Fast forward to today — and tomor-

row. We currently serve 9,500 homes, farms, businesses, garages, camps — you name it, we serve it! Not only do we provide dependable, reliable service, but we provide it significantly cheaper than the neighboring IOU.

We understand the spirit that helped create this organization must be continually nurtured. While times and technology will continue to change, our commitment to you will not. If we succeed, our community thrives, and you will always value being a member.

The cooperative business model breeds success. Why? It's simple, really. The focus is on all the right things — the cooperative, the members and the community. Period. End of story. In today's world, it's a refreshing approach that is based on principles and values that do not fade over time.

**The numbers**

Looking back at 2017, it was the most profitable year in our history. We sold 366 million kilowatt-hours (kWhs), and operating revenues fell just shy of \$32.5 million. That represents a 12 percent increase in kWh sales and a 9 percent increase in revenue. Both are cooperative records.

In recent years, like all utilities, we have dealt with increasingly burden-

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**SCHOLARSHIP RECIPIENTS:** Bedford REC scholarships are awarded to, from left: Lené Willey, Payton Whyson, Logan Cooper, Vanessa Hyde, Allison Tracy and Liam Lafferty.

# Bedford Rural Electric Cooperative, Inc. 2017 Members' Financial Report

## Balance Sheet

	December 31,	
	2017	2016
<b>ASSETS</b>		
Net Utility Plant	\$ 36,204,038	\$ 35,532,098
Equity in Associated Organizations	6,880,851	6,136,105
Cash and Temporary Investments	1,474,559	2,118,299
Accounts Receivable	1,509,318	1,255,364
Materials and Supplies	714,737	686,548
Other Assets	2,148,711	1,783,706
<b>TOTAL ASSETS</b>	<b>\$ 48,932,214</b>	<b>\$ 47,512,120</b>
<b>LIABILITIES AND EQUITIES</b>		
Long-Term Debt	\$ 17,271,537	\$ 17,524,017
Consumer Deposits	1,440,248	1,096,663
Accounts Payable	2,624,252	2,316,433
Other Liabilities	1,974,507	1,904,744
Operating Reserves	233,707	228,707
Equities	285,875	277,161
Patronage Capital	25,102,088	24,164,395
<b>TOTAL LIABILITIES AND EQUITIES</b>	<b>\$ 48,932,214</b>	<b>\$ 47,512,120</b>

## Statements of Revenue and Patronage Capital

	Year Ended December 31,	
	2017	2016
<b>OPERATING REVENUES</b>	<b>\$ 32,467,996</b>	<b>\$ 29,927,367</b>
<b>OPERATING EXPENSES</b>		
Cost of Power	\$ 24,594,717	\$ 22,788,956
Distribution - Operation and Maintenance	2,816,301	2,437,084
Customer Service and Information	682,019	691,918
Administrative and General	1,391,519	1,263,618
Taxes	14,782	15,036
Depreciation	1,284,758	1,271,242
Interest on Debt	559,909	538,281
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 31,344,005</b>	<b>\$ 29,006,135</b>
<b>OTHER OPERATING INCOME</b>		
G & T and Other Capital Credits	\$ 898,588	\$ 509,158
<b>Net Operating Margins</b>	\$ 2,022,579	\$ 1,430,390
<b>Non - Operating Margins</b>	75,103	91,041
<b>NET MARGINS</b>	<b>\$ 2,097,682</b>	<b>\$ 1,521,431</b>
<b>PATRONAGE CAPITAL</b> , Beginning of the Year	24,164,395	24,227,216
<b>PATRONAGE CAPITAL</b> , Before Capital Credits Retirement	26,262,077	25,748,647
<b>CAPITAL CREDITS RETIREMENT</b>	1,159,989	1,584,252
<b>PATRONAGE CAPITAL</b> , End of the Year	<b>\$ 25,102,088</b>	<b>\$ 24,164,395</b>

Buffamante Whipple Buttafaro, Professional Corporation, P.O. Box 849; Jamestown,  
New York 14702-0849, audited the cooperative's accounts and records. 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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some regulatory requirements. However, that began to ease a bit as 2017 wore on. That, along with record sales, translated into an outstanding bottom line. We finished the year with margins (our “net profit”) of \$2,098,000. That included \$69,000 of interest income and \$866,000 in allocated, but not realized, margins from our wholesale power supplier, Allegheny Electric Cooperative, Inc.

Our annual December Christmas present to our members put more than \$1,100,000 of returned capital credits back into your pockets. The four years since 2014 have been by far the largest capital credits retirements in the cooperative’s history — almost \$6 million. Over the past 37 years, your cooperative has returned \$17.74 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 four 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 similar retirement of around \$1 million in 2018.

From an operational standpoint, 2017 was another busy year. Sixty 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 conductor. As we re-engineer the system, we also make every effort to move our lines out of your fields and off the hillsides, and relocate them adjacent to the roads. It makes it better for everyone because we can access them easier during outages, and members no longer have to navigate around them. Some of the larger projects included a five-mile job in the Cessna-Belden area, and an eight-mile project from Egolf Park through Ottown and beyond. 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.

**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. 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 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 28, 2018, 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.

**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.*