

# 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 & PREA Director

Donald Hoenstine  
Kimmel and King Twps.

### Vice President & Allegheny Director

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

### Brian I. Hoover

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



## Nuclear power is co-op power

By Brooks Shoemaker

FROM the time our alarm goes off, we're on the grid. For many of us, it's even before that if we leave our smartphones charging through the night. The point is, from morning to night, electricity powers much of our daily lives. As long as the lights come on, we don't give it much thought. We rarely ever think about where our electricity comes from, and we don't often think about how much it costs. Why? Simply because electricity has proven, over time, to be a stable commodity, that isn't subject to volatility. In fact, as a Bedford Rural Electric member, your rates have only increased 8.8% since 1999, less than one-half of 1% per year. That's \$9.60 per month if you use 1,000 kilowatt-hours (kWhs) per month! Naturally, price is an important component of your membership.

But as a cooperative member, where your power comes from is an equally important part of your membership. After all, our members have an ownership interest in their power supply resources. Did you know that most of the energy used in cooperative homes and businesses throughout not only Bedford County, but the Commonwealth in general, is generated by nuclear power? Did you know that as a member of this co-op, you have an ownership interest in that nuclear investment? Well, it's true! In Pennsylvania, nuclear power is co-op power,

and we all have an ownership stake.

Since 1977, Pennsylvania's electric cooperatives have been partners in the ownership of the Susquehanna Steam Electric Station (Susquehanna), a nuclear facility in rural Berwick, Pa. For decades, Susquehanna has been a driving force in providing our communities with safe, reliable and affordable electric energy. The plant supplies approximately 60 percent of our energy needs. It is one of the primary reasons cooperative members enjoy one of the lowest and most stable electric generation rates in the region.

But cooperative members aren't the only Pennsylvanians benefitting from nuclear power. According to a report recently released by the Pennsylvania General Assembly's bipartisan Nuclear Energy Caucus, without the state's five nuclear power plants, Pennsylvanians would pay close to \$800 million more annually for electricity. The plants annually contribute \$2 billion to the state's economy, pay \$69 million in net state tax revenues, and employ 16,000 Pennsylvanians. They also make our regional electric grid much more reliable and resilient, because nuclear power is available 24 hours a day, seven days per week, year after year.

Nuclear power also provides 93% of the Commonwealth's carbon-free energy, helping Pennsylvanians avoid

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**From the General Manager**

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billions of dollars in health and environmental costs. No other generation resource comes close to having this kind of economic and environmental impact.

Yes, it's clear that nuclear power plays a vital role in Pennsylvania. It not only powers our electric cooperatives; it has helped establish Pennsylvania as an energy leader. In fact, the Commonwealth ranks second only to Illinois in terms of nuclear generation capacity, with its nuclear plants providing 42% of Pennsylvania's total electricity production.

The future of our nuclear plants, however, is a matter of serious concern. Recently, two plants — Beaver Valley in the western part of the state and Three Mile Island in Southcentral Pennsylvania — have announced premature closures, unless action is taken to correct current market dynamics. Such closures would have devastating, long-term economic and environmental consequences, because once a nuclear plant closes, it's closed forever.

While our Susquehanna plant is not currently in danger, if this troubling trend continues, it will result in higher energy prices and higher environmental costs for us all — something that



**ELECTION RESULTS:** Bedford REC General Manager Brooks Shoemaker, left, congratulates the directors re-elected at the annual meeting, from left: Robert Koontz, Dale Sprigg and Earl Garland.

will hit our rural communities particularly hard.

To avoid this fate, Pennsylvania needs a market design that recognizes nuclear power's positive contributions to the Commonwealth. Most likely, that involves modifying the Alternative Energy Portfolio Standards (AEPS) to recognize nuclear energy for its significant contribution to our state's zero-carbon energy production. It would also support Pennsylvania-generated energy. The current AEPS doesn't even require

energy to be generated in Pennsylvania!

The team here at Bedford Rural Electric, in conjunction with our colleagues at electric cooperatives across Pennsylvania, are working with legislative leaders on a bipartisan effort to secure the future of nuclear power in Pennsylvania. These lawmakers are introducing legislation to equitably compensate nuclear power for its zero-carbon emissions and its grid dependability.

We understand the benefits of nuclear power and are working to help educate others on its importance. So, after you switch off your alarm clock and get your day started, please take a moment to visit [PARuralAction.org](http://PARuralAction.org) and send an email to your local legislators urging them to support efforts to ensure nuclear power remains viable in Pennsylvania. After all, nuclear power is co-op power and Pennsylvania power!

**The numbers**

Looking back at 2018, it was a fantastic year. We sold 387 million kWhs of electricity, and operating revenues exceeded \$32.3 million. That represents a 5.7% increase in kWh sales. It was one of our most profitable, productive years on record.

During 2018, despite the seemingly continuous rain and ever-present mud, we were able to complete some

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**SCHOLARSHIP RECIPIENTS:** Bedford REC scholarships are awarded to, from left: Hope Kaufman, Linsey Imler, Fiona Knoster, Lindsay Shuke and Elisabeth Dodson. Not pictured are winners Emily Claar, Nicholas Evans, Allyson Neatrou, Mitchell Zembower, Nathaniel Maxwell (all traditional scholarship recipients) and Michelle Wilt (non-traditional scholarship recipient).

# Bedford Rural Electric Cooperative, Inc. 2018 Members' Financial Report

## Balance Sheet

	December 31,	
	2018	2017
<b>ASSETS</b>		
Net Utility Plant	\$ 37,280,800	\$ 36,204,038
Equity in Associated Organizations	7,363,494	6,880,851
Cash and Temporary Investments	2,071,036	1,474,559
Accounts Receivable	1,616,424	1,509,318
Materials and Supplies	761,265	714,737
Other Assets	1,982,733	2,148,711
<b>TOTAL ASSETS</b>	<b>\$ 51,075,752</b>	<b>\$ 48,932,214</b>
 <b>LIABILITIES AND EQUITIES</b>		
Long-Term Debt	\$ 18,537,591	\$ 17,271,537
Consumer Deposits	1,528,700	1,440,248
Accounts Payable	2,457,133	2,624,252
Other Liabilities	2,131,125	1,974,507
Operating Reserves	233,707	233,707
Equities	297,307	285,875
Patronage Capital	25,890,189	25,102,088
<b>TOTAL LIABILITIES AND EQUITIES</b>	<b>\$ 51,075,752</b>	<b>\$ 48,932,214</b>

## Statements of Revenue and Patronage Capital

	Year Ended December 31,	
	2018	2017
<b>OPERATING REVENUES</b>		
	\$ 32,338,493	\$ 32,467,996
<b>OPERATING EXPENSES</b>		
Cost of Power	\$ 24,086,137	\$ 24,594,717
Distribution - Operation and Maintenance	2,878,434	2,816,301
Customer Service and Information	675,959	682,019
Administrative and General	1,567,784	1,391,519
Taxes	16,008	14,782
Depreciation	1,334,008	1,284,758
Interest on Debt	516,155	559,909
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 31,074,485</b>	<b>\$ 31,344,005</b>
<b>OTHER OPERATING INCOME</b>		
G & T and Other Capital Credits	\$ 652,512	\$ 898,588
<b>Net Operating Margins</b>	\$ 1,916,520	\$ 2,022,579
<b>Non - Operating Margins</b>	51,288	75,103
<b>NET MARGINS</b>	<b>\$ 1,967,808</b>	<b>\$ 2,097,682</b>
<b>PATRONAGE CAPITAL</b> , Beginning of the Year	25,102,088	24,164,395
<b>PATRONAGE CAPITAL</b> , Before Capital Credit Retirement	27,069,896	26,262,077
<b>CAPITAL CREDIT RETIREMENT</b>	1,179,707	1,159,989
<b>PATRONAGE CAPITAL</b> , End of the Year	<b>\$ 25,890,189</b>	<b>\$ 25,102,088</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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challenging projects. That, along with record sales, translated into an outstanding bottom line. We finished the year with margins (our “net profit”) of \$1,968,000. That included \$45,000 of interest income and \$616,000 in allocated, but unrealized, margins from our wholesale power supplier, Allegheny Electric Cooperative, Inc.

Our annual December Christmas present to our members put more than \$1.2 million of returned capital credits back into your pockets! The five years since 2014 have been by far the largest capital credits retirements in the cooperative’s history — over \$7 million. Over the past 38 years, your cooperative has returned \$19.92 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 five years of record retirements were part of our equity management plan 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 2019.

From an operational standpoint, 2018 was another busy year. Fifty-six 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. We can access them easier during outages, and members no longer have to navigate around them. Some of the larger projects included two separate jobs in the Cessna area and two projects around Everett. All together, these

projects, along with other smaller line replacements and extensions, multiple bridge replacement relocations, and rehabilitation work in three substations covered over 15 miles of line and cost more than \$1.75 million.

**Member-focused**

As always, we are here every day looking out for you. That hasn’t changed over the past 80 years. It is our way of life. We do the things the investor-owned power companies only claim they do in their fancy television commercials. If something breaks, we fix it. If a tree endangers our lines, we cut it. If a piece of equipment is nearing the end of its useful life, we replace it — before it fails and causes an outage. Speaking of outages, they happen, even though we try to avoid them at all costs. When they do, our men are ready to respond. They respond immediately, and you don’t have to wait for three hours while we travel from the neighboring county!

Rest assured, throughout every season of every year, we are working hard to deliver power to you as efficiently, affordably and transparently as possible. The management, staff, and board of directors are here to answer any of your questions or concerns. We’re your electric cooperative. We are the people that you can count on! 🌟



**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.*