

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 & PREA Director

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Kimmel and King Twp.

Vice President & Allegheny Director

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Napier and Harrison Twp.,
New Paris, Manns Choice and
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West St. Clair, Pavia, and Lincoln Twp.,
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Everett Borough
John A. Oldham

East St. Clair Twp., Bedford County
William F. "Bill" Popovich Jr.
Colerain, Snake Spring and
South Woodbury Twp.

Attorney

James R. Cascio

Office Hours

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

From the General Manager



Report to members

By Brooks Shoemaker

AS I SIT here writing this, just one day after our canceled annual meeting should have been held, I find myself disappointed that we were unable to hold our normal annual gathering. Hopefully, by the time you read this in early May, life will have begun to return to some semblance of normal. Hopefully! I know that we certainly missed seeing our friends and neighbors at the annual meeting

We all now know that "normal" has looked a little different lately. We are all dealing with the new realities brought on by the coronavirus pandemic. I want to assure you that your friends here at Bedford Rural Electric are here to help you. Regardless of the challenge, we always have an emergency plan that has served us well in a variety of circumstances, from ice storms to tornadoes to blizzards, and now pandemics. Early in this crisis, our staff updated that plan with a special emphasis on ensuring we can continue to provide the reliable electric service you have come to expect from the cooperative. Safety is the culture of the co-op. In joining the efforts of our government, we worked hard to protect one another from contracting and spreading COVID-19, and we implemented lessons learned from others to slow the spread of the coronavirus.

So far, that is exactly what has happened. We know that after a sufficient

supply of food and water, electricity is the most important thing needed to maintain some sense of normalcy as we hunkered down in our homes. With that in mind, keeping the power flowing, as always, has been priority No. 1 for everyone involved in maintaining the co-op system.

That starts with our generation cooperative, Allegheny Electric Cooperative, Inc., and our statewide trade association, the Pennsylvania Rural Electric Association (PREA). Each organization took extreme measures to ensure that their workforces remained healthy, the power was abundant and flowing across the grid, and our interests were represented throughout the legislative and gubernatorial processes that resulted in the stay-at-home orders that we all endured.

We thought you might want to know some of the steps we have taken in order to keep the cooperative functioning, healthy and ready to serve you 24 hours a day, 7 days a week. This was challenging, because we are a small organization, which limited some of our options. We closed our lobby to the membership in mid-March to limit the spread of germs. Our drive-up remained open, and we also are encouraging members to use our drop box at the office, the mail, our online payment system, or

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From the General Manager

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our pay by phone system to pay bills. Other business was transacted over the phone, through the mail or via email.

Those employees who were able to do so worked from home. We divided into two groups so that no more than half of them were in the office at one time. We made a habit of practicing social distancing even when in the office. We worked with skeleton crews. Naturally, we made sure that if the phones rang, they were answered, as always.

We also separated our line crews into two groups, keeping each group separate from the other to limit possible spread of the virus. The lineworkers traveled in separate vehicles. New routines are in place for contractors working on our system in order to keep them away from employees. Deliveries were quarantined, and drivers were distanced from the employees.

The management team and the board constantly fine-tuned this plan. We were also in constant contact with the other electric co-ops in Pennsylvania and with PREA, which in turn worked closely with the National Rural Electric Cooperative Association, the state legislature, the governor's office, and many other state and local

emergency management agencies.

So far, it has worked well and everyone has adapted to the new norm. We've done this before. Crisis situations bring out the best in our employees!

Our focus here is on doing our part to keep your life as normal as possible through this situation and beyond. The cooperative way of doing business has brought us this far, and the cooperative way will help us through this crisis.

We thank you for your patience and understanding. Please, if the situation still warrants: stay safe, stay healthy, stay home, wear a mask in public and respect everyone's social distances!

The numbers

Looking back, 2019 was an excellent year. We sold 350 million kilowatt-hours (kWhs) of electricity and operating revenues exceeded \$30.5 million. It was a very positive year financially, exceeding our budgeted expectations.

During 2019, we completed some challenging projects. In every case, we replaced decades-old equipment with new, modern technology. We finished the year with margins (our "net profit") of \$1,601,000. That included \$45,000 of interest income and \$419,000 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 six years since 2014 have been by far the largest capital credits retirements in the cooperative's history — over \$8.2 million. Over the past 39 years, your cooperative has returned \$21.12 million to the members — just one more advantage of being a cooperative member. Economic participation and regular capital credits refunds are hallmarks of the cooperative business model. The cooperative's board, which strongly believes in that philosophy, demonstrates that annually. The past six 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 retirement of around \$1.250 million in 2020.

From an operational standpoint, 2019 was another busy year. We spent our time energizing 46 new services and working on several major line rehabilitation projects. 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 jobs in the Everett, Bedford Springs, Buffalo Mills and Schellsburg areas. All together, these projects, along with other smaller line replacements and extensions, multiple bridge replacement relocations, and rehabilitation work in substations covered over 13 miles of line and cost over \$1 million.

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ELECTRICAL SAFETY CHECKUP: Switches and Outlets

- Are any switches or outlets warm to the touch?**
→ That could indicate an unsafe wiring condition.
- Are any outlets or switches discolored?**
→ It could mean a dangerous heat buildup.
- Do plugs fit snugly into outlets?**
→ Loose-fitting plugs can cause overheating and fires.

Bedford Rural Electric Cooperative, Inc. 2019 Members' Financial Report

Balance Sheet

	December 31,	
	2019	2018
ASSETS		
Net Utility Plant	\$ 38,093,852	\$ 37,280,800
Equity in Associated Organizations	7,618,901	7,363,494
Cash and Temporary Investments	605,971	2,071,036
Accounts Receivable	1,559,681	1,616,424
Materials and Supplies	757,254	761,265
Other Assets	1,748,972	1,982,733
TOTAL ASSETS	\$ 50,384,631	\$ 51,075,752
 LIABILITIES AND EQUITIES		
Long-Term Debt	\$ 17,600,799	\$ 18,537,591
Consumer Deposits	993,803	1,528,700
Accounts Payable	2,224,556	2,457,133
Other Liabilities	2,523,763	2,131,125
Operating Reserves	233,707	233,707
Equities	527,588	297,307
Patronage Capital	26,280,415	25,890,189
TOTAL LIABILITIES AND EQUITIES	\$ 50,384,631	\$ 51,075,752

Statements of Revenue and Patronage Capital

	Year Ended December 31,	
	2019	2018
OPERATING REVENUES	\$ 30,498,652	\$ 32,338,493
OPERATING EXPENSES		
Cost of Power	\$ 22,194,177	\$ 24,086,137
Distribution - Operation and Maintenance	3,035,408	2,878,434
Customer Service and Information	685,413	675,959
Administrative and General	1,493,846	1,567,784
Taxes	17,336	16,008
Depreciation	1,388,138	1,334,008
Interest on Debt	554,221	516,155
TOTAL OPERATING EXPENSES	\$ 29,368,539	\$ 31,074,485
OTHER OPERATING INCOME		
G & T and Other Capital Credits	\$ 444,436	\$ 652,512
Net Operating Margins	\$ 1,574,549	\$ 1,916,520
Non - Operating Margins	26,696	51,288
NET MARGINS	\$ 1,601,245	\$ 1,967,808
PATRONAGE CAPITAL , Beginning of the Year	25,890,189	25,102,088
PATRONAGE CAPITAL , Before Capital Credit Retirement	27,491,434	27,069,896
CAPITAL CREDIT RETIREMENT	1,211,019	1,179,707
PATRONAGE CAPITAL , End of the Year	\$ 26,280,415	\$ 25,890,189

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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Member focused

As always, we are here every day looking out for you. That hasn't changed over the past 81 years. It is our way of life. We do the things that 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 crews 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!

Energy efficiency tip of the month

Home cooling makes up a large portion of your energy bills. Try to keep the difference between the temperature of your thermostat setting and the outside temperature to a minimum. The smaller the difference, the more energy you will save. ☀

OFFICE CLOSING

Bedford REC's office will be closed Monday, May 25, 2020, in observance of Memorial Day.

Be Prepared Before the Storm

Here are some basic items you should store in your home in case of emergency:

- **Water:** Three day supply, one gallon per person per day
- **Food:** Three day supply, non-perishable, high-energy
- **Clothing, bedding, and sanitation supplies**
- **Tools:** Can opener, plates, utensils, flashlight, batteries, cash, bleach, hand sanitizer
- **First aid supplies, medicine**
- **Important documents**



Source: American Red Cross, Federal Emergency Management Agency

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.