

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

Ronald W. Wilkins
Napier and Harrison Twp.,
New Paris, Manns Choice and
Schellsburg Boroughs

Vice President & PREA Director

Donald Hoenstine
Kimmel and King Twp.

Secretary

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

Treasurer

Reuben R. Lafferty
Juniata 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

Dale Sprigg II
West St. Clair, Pavia, and Lincoln Twp.,
Pleasantville Borough

Brian I. Hoover

Monroe and West Providence Twp.,
Everett Borough
John A. Oldham

East St. Clair Twp., Bedford County
Travis Wigfield
Colerain, Snake Spring and
South Woodbury Twp.

Attorney

James R. Cascio

Office Hours

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

Board President and General Manager's Report...

By Donald Hoenstine, *Board President*

By Brooks Shoemaker, *General Manager*

AS 2021 dawned, the challenges from 2020 continued to impact Bedford Rural Electric Cooperative (REC).

Over the past 13 months, we have all been challenged to operate differently and to change our routines and our sense of normal. The cooperative is no different; we've continued developing new policies, procedures and business practices.

We canceled the 2020 annual meeting, an unprecedented action. By mid-2020, we returned to somewhat normal operations. However, as fall 2020 approached, COVID-19 cranked up once again, and by November, we had returned to pandemic-mode. By that, I mean we reinstated our emergency plans, which focus on ensuring we continue to provide the reliable electric service you have come to expect from the cooperative. Safety is the culture of the co-op, and we worked hard to protect one another from contracting and spreading COVID-19. We used common sense and implemented lessons previously learned to slow the spread of the coronavirus.

We took a multitude of steps to keep the cooperative functioning, healthy and ready to serve you 24 hours a day, seven days a week. This was challenging for a small organization. Our options were limited at times. We closed our lobby to the membership in mid-November, minimizing the spread of germs. Our drive-up remained open, and we also encouraged members to use our drop box at the office, the mail, our online payment system or 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 worked from home. We divided into two groups so that no more than half of us were in the building at a given time. We made a habit of practicing social distancing even when in the office. We worked with skeleton crews. We also used technological enhancements that allowed our folks who were working from home to essentially be as productive as they are at their desks. The investment in technology was well worth it.

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

Naturally, we made sure that if the phones rang, they were answered, as always.

As planning for the annual meeting began in January 2021, we realized that we could not reliably predict what the COVID-19 landscape might look like on the second Wednesday in April, our traditional annual meeting date. We did not want to cancel for a second year, yet we knew that planning a face-to-face indoor meeting with several hundred people in attendance was dangerous, probably

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Board President and General Manager’s Report

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quite reckless.

So, we developed the concept of a drive-thru annual meeting. It took an incredible amount of planning to ensure that it ran smoothly. It was a different event, for sure. Yet, it was very well attended, and we were able to successfully conduct the business of the co-op. Mission accomplished!

Pandemic-mode continued until April 2021, just prior to the annual meeting, when everyone returned to the office full-time. Thankfully, the remainder of 2021 was somewhat more normal from a COVID-19 standpoint.

However, as the year progressed, we began to confront significant supply chain issues. Normal, everyday items that once arrived within two weeks began to take six, eight, 10 and even more weeks to arrive. Meters, which every electric distribution utility buys by the skid, required more than 40 weeks for delivery. Special-order items, particularly certain transformers, now take 50 to 60 weeks or more for delivery. We continue to be confronted with these issues today, just one more COVID-19 challenge.

Throughout the pandemic, just as

THANK YOU TO ALL MEMBERS AND GUESTS WHO ATTENDED OUR “DRIVE-THRU” ANNUAL MEETING!

DIRECTOR ELECTION RESULTS

- ▶ Dale Sprigg II – District 3
- ▶ Travis Wigfield – District 7
- ▶ Earl W. Garland – District 9

Congratulations!

THE RANDOM DOOR PRIZE DRAWING IS COMPLETE AND WINNERS WILL BE NOTIFIED BY MAIL

we have for 83 years, we have continued relying on the seven cooperative principles. These guide co-ops across the country and promote the cooperative business model. Our collective success proves these principles have withstood the test of time. We are as relevant today as we have ever been. They are:

Open membership

Cooperatives are open to anyone who can use our services. Any person who moves onto cooperative lines is granted membership.

Democratic member control

Democratic member control means members select and vote for a director who represents them on our board, which governs the cooperative.

Members are annually encouraged to participate in the election process by voting and even running for a seat on the board.

Economic participation

Because you, our members, own Bedford REC, we are not driven by dividend expectations from shareholders who are not members. Any profit or net income — we use the term “margins” — is allocated back to the membership in the form of patronage capital and eventually returned as capital credits.

Autonomy and independence

Electric cooperatives are in 48 states, owning and maintaining 2.7 million miles of electric lines, covering 56% of the nation’s landmass, and serving 42 million people in 2,500 counties.

However, we are all unique, autonomous, independent businesses. We make policies and set rates that are appropriate here in Bedford County.

Education, training and information

Cooperatives have a duty to keep their members informed — not only about cooperative business, but also about topics, such as energy efficiency, safety and community contribution.

Cooperation among cooperatives

Even though co-ops are independent entities, they still rely on one another to share resources, information and, in many cases, manpower.

Concern for community

Cooperatives work for the sustainable development of their communities. This is the most visible of all the cooperative principles; we strive to be good stewards of our community.

The numbers

Looking back, 2021 was a banner year. We sold 327 million kilowatt-hours, and operating revenues exceeded \$27.9 million. It was a very *(continues on page 14d)*

PLUG INTO SAFETY




ELECTRICAL SAFETY MONTH

Make electrical safety a priority this month, and every month.

Bedford Rural Electric Cooperative, Inc. 2021 Members' Financial Report

Balance Sheet

	December 31,	
	2021	2020
ASSETS		
Net Utility Plant	\$ 39,705,918	\$ 39,219,378
Equity in Associated Organizations	12,300,140	9,131,618
Cash and Temporary Investments	574,993	1,845,672
Accounts Receivable	1,435,667	1,597,986
Materials and Supplies	746,429	778,531
Other Assets	1,411,857	1,629,360
TOTAL ASSETS	\$ 56,175,004	\$ 54,202,545
LIABILITIES AND EQUITIES		
Long-Term Debt	\$ 18,560,146	\$ 19,635,536
Consumer Deposits	1,017,917	1,170,901
Accounts Payable	2,071,796	2,209,351
Other Liabilities	2,279,779	2,019,979
Operating Reserves	233,707	233,707
Equities	497,955	510,781
Patronage Capital	31,513,704	28,422,290
TOTAL LIABILITIES AND EQUITIES	\$ 56,175,004	\$ 54,202,545

Statements of Revenue and Patronage Capital

	Year Ended December 31,	
	2021	2020
OPERATING REVENUES	\$ 27,911,140	\$ 29,266,306
OPERATING EXPENSES		
Cost of Power	\$ 19,412,515	\$ 20,028,597
Distribution - Operation and Maintenance	3,052,971	3,275,293
Customer Service and Information	728,913	666,605
Administrative and General	1,581,579	1,467,128
Taxes	16,257	19,244
Depreciation	1,481,527	1,442,609
Interest on Debt	467,688	528,826
TOTAL OPERATING EXPENSES	\$ 26,741,450	\$ 27,428,302
OTHER OPERATING INCOME		
G & T and Other Capital Credits	\$ 3,394,866	\$ 1,711,955
Net Operating Margins	\$ 4,564,556	\$ 3,549,959
Non - Operating Margins	6,817	35,208
NET MARGINS	\$ 4,571,373	\$ 3,585,167
PATRONAGE CAPITAL, Beginning of the Year	28,422,290	26,280,415
PATRONAGE CAPITAL, Before Capital Credit Retirement	32,993,663	29,865,582
CAPITAL CREDIT RETIREMENT	1,479,959	1,443,292
PATRONAGE CAPITAL, End of the Year	\$ 31,513,704	\$ 28,422,290

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

Board President and General Manager's Report

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profitable year, exceeding our budgeted expectations.

As we discussed earlier, 2021 was a challenging year, and it was no different from a construction standpoint. Despite the difficult business climate, we continued replacing decades-old equipment with new, modern technology. We finished the year with margins (our "net profit") of \$4,565,000. That included \$42,000 of interest income, and \$3,351,000 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 \$1,480,000 of returned capital credits back into your pockets! The eight years since 2014 have been by far the largest capital credits retirements in the cooperative's history — more than \$11 million. Over the past 40 years, your cooperative has returned \$24.04 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 demonstrates that annually and strongly believes in that philosophy.

The past eight years of record retirements were part of our continuing 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 \$1.25 million in 2022.

Operationally, 2021 was another busy year despite COVID-19. We spent our time energizing 79 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, '50s, and early '60s with new poles and conductors. 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 in the fields. Some of the larger projects included jobs in the Osterburg, Weyant, Dutch Corner, Cessna, and Shaffer Mountain areas. All together, these projects, along with other smaller line replacements and extensions, multiple bridge replacement and relocations, and rehabilitation work in substations, covered 13 miles of line and cost more than \$1 million. We also replaced a half mile of old problematic overhead with

primary underground, which cost \$115,000.

Member focused

As always, we are here every day looking out for you. That hasn't changed over the past 83 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 lineworkers are ready to respond. In fact, they respond immediately, and you don't have to wait for three hours while they travel from the neighboring county.

Rest assured, throughout every season of every year (or every stage of a pandemic!), 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! 🌻

OFFICE CLOSING
 Bedford REC's office will be closed Monday, May 30, 2022, in observance of Memorial Day.

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, 814-623-7568, 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.